FINANCIAL TIMES

TUESDAY APRILEDE



A patchy recovery Andrew Gowers' tour of UK companies



Dateline: Washington Jurek Martin on the O J Simpson trial



Media futures

World's newspapers leap into cyberspace



tions in Brussels, the Commis-

sion has asked for an examina-

tion of "all cases of

action might be needed to take

into account the circumstances

Business travel

Bodyguards? It depends who you are

UN leader opens talks on extending nuclear treaty

UN secretary general Boutros Boutros Chali urged an end to nuclear testing, and production, sale or transfer of nuclear weapons as he opened the con-ference on extending the Nuclear Non-Proliferation Treaty yesterday. But he avoided taking sides in the debate on whether it should be extended indefi-nitely or for a limited period. Egypt has said it will continue efforts to put a time limit on the renewal of the 176 nation treaty unless Israel is brought into arrangements for nuclear disarmament. Page 4; Protesters invade UK plants, Page 11; Editorial Comment. Page 19

Chirac leads presidential hopefuls: Compalgning for the French presidential elections enters its final phase with the Gaullist mayor of Paris, Jacques Chirac, enjoying a clear lead over prime minister Edouard Balladur and Socialist party candidate Lamel Jospin, in the race to succeed President François Mitterrand.

Japan and US resume trade talks: Japan and the US resumed high-level talks on vehicle trade, with both sides optimistic that agreement could be reached to increase Japanese imports of cars and car parts. Page 4

European new car sales fall: Sales of new cars in Western Europe fell in March by 2.3 per cent year an year, leaving total first quarter sales only 1.5 per cent higher than a year ago. Page 3

Canadian selebrate fishing 'victory': Canadian fisheries minis-



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ter Brian Tobin (left). capped six weeks of political glory by welcoming home a small flotilla of patrol vessels from the contested fishing grounds in the north-west Atlantic. Meanwhile, Spain summoned the British ambassador in Madrid to

express displeasure at Britain's position during the dispute between Canada and the European Union. Page 3

Citibank news cheers Argentina: Argentina received a big lift with the news from Citibank that it had meanly completed international placement of a much delayed \$1bn sovereign bond issue. Page 4

investment in China drops: Newly contracted foreign investment in China dropped sharply in 1994 after the hectic pace of the two preceding boom years. But actual utilised investment was well up on the previous year. Page 20 -

Russia probes arms dealing: Russian prosecutors filed charges against the main government arms trading organisation, launching the against a state body since the collapse of the former

Apec urges IMF study: Finance ministers from the 18 countries of the Asia Pacific Economic Co-operation forum have urged the International Monetary Fund to study foreign exchange market instability, which they fear could disrupt economic growth in the region. Page 6

Lapanese companies fined \$20m: Japan's Fair Trade Commission has imposed a total of Y1.86bn (\$20.8m) punitive surcharges against 373 construction companies accused of rigging regional construction bids. Page 5

European Monetary System: The continued retreat of the D-Mark following the recent cut in German interest rates has unwound tensions in the EMS. The gap between strongest and weakest cur-rency has shrunk to around 7 per cent from nearly Sper cent a week previously. The order of currencies remains unchanged. Currencies, Page 31

EMS: Grid Tares 1 1 7 April 13, 1995

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The chart shows the member currencies of the exchange rate mechanism measured against the exchange rate mechanism measured against the weakest currency in the system. Most of the curren-cies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the chanism. The exceptions are the D-Mark and the gistider which move in a 2.25 per cent band.

Philippine minister resigns: Philippine foreign secretary Roberto Romulo resigned after President Fidel Ramos accepted his offer to quit over the execution of a Filipino maid in Singapore. Page 6

M STOCK MARKET INDICES	STERLING
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EU to probe regional fund grants to UK utilities

By John Kampfner, Westminster Correspondent

The European Commission is investigating the payment of grants of nearly £450m to UK companies amld Labour claims that the money was used to enhance the financial position of state utilities ahead of privatisa-

Mr Alan Milhurn, an opposition Labour party MP, is to raise the issue in parliament after compiling data showing that at least £435m (\$700m) worth of grants from the European Union's

monopolies that were subsequently sold.
"Public money through Euro-

pean grants was given to support vital public services, instead it bas been used to fuel bumper profits and excessive salaries in the boardrooms of private companies," Mr Milburn said yesterday. Attention has also heen focused on other EU member states that have undertaken, or are preparing to undertake, privatisation of utilities.

regional development fund went and breadth of Britain's sell-off to projects undertaken by UK programme set it apart. The mmission, which began investigating the use of grants last year, has written to member states asking for more information to make clear whether any aid was transferred directly into the asset value of companies.

Details of the grants, disclosed hy government departments in response to parliamentary ques-tions tabled by Mr Milburn, show that British Telecommunications, which was privatised in 1984, has received £58m in EU subsidies. The privatised water compaand the electricity companies £89m. Some of the more contentious projects were sited in Scotland, which received £93m over a 10-year period, and Northern Ireland, which received £54m.

The Commission is particularly interested in Clydeport, the Glasgow port operator, and Belfast international airport, privatised last July at a cost of £33m. It is considering asking for at least partial repayment of airport grants totalling at least £17m. Although most of the regional aid was given before privatisa-

infrastructure privatisation which have benefited from the structural fund". The letter says that the Commission wants to establish "what further possible

that the money may have been taken". A senior official said: "We need to tighten the rules. It used subsequently to enhance the companies' financial base depends to what extent the objective of the grants has been dis-torted. But there is enough anxiahead of sell-offs. In a letter to the member states' permanent representa-

ety to merit specific checks. The official said the Commis-sion was not alleging illegality or impropriety. But it was determined to ensure that individual and corporate profits have not been accrued on the back of ERDF investment.

The Commission can demand repayment, but the official said it would be "very difficult".

US currency faces more market pressure

But EU officials say the speed

Cool response to Japanese package sends dollar down

By William Dawkins in Tokyo and Philip Gawith in London

The dollar was driven lower investors gave a lukewarm response to the Japanese government's latest economic package and were unconvinced by US government insistence that it

favours a strong dollar.

Mr Robert Rubin, the US Treasury secretary, said he would reserve formal judgment of the Japanese package until more details became available. But he attempted to lend verbal support to the currency, suggesting that the US believed "very strongly that a strong dollar is in our

Mr Rubin faces strong resistance in the currency markets, nere analysis are expecting dollar to re-test the historic low of Y80.15 reached against the yen last week.

At lunchtime in New York yesterday, the dollar was trading at Y82 and DML3675, well below the Y83.30 and DM1.39 levels at which it was trading when the Japanese package was announced last Friday along with a three-quarter-point cut in the country's official discount rate to I per cent. Earlier yesterday the

Bank of Japan had supported the gets to reduce the current dollar when it fell to Y81.80 in account surplus. To the relief of

The markets' lack of enthusiagainst the yen yesterday as asm for the Japanese package will add to the Tokyo government's anxiety that the country's faltering economic recovery risks being choked by the yen's rise. The currency's rise of nearly 22 per cent against the dollar this year has hit Japan's export earnings and damped domestic indus-trial investment at a time when

Driven by a force control	beyond it
Editorial Comment.	Page 1
Yen's giddy path	
Bonds	

the government is in too much political disarray to take radical

The package was "regretta-bly...ineffective," said Mr Hiro-shi Saito, chairman of the Japan Iron and Steel Federation, an industry cruelly exposed by the yen's strength to cheap competition from South Korea and Viet-

He advised the government to consider setting "concrete" taraccount surplus. To the relief of many other industrialised countries, the Japanese government has long resisted US demands for such targets, on the grounds they

would amount to managed trade. Yet there is growing political pressure in Japan to reconsider targets, led by parts of the Liberal Democratic party, which is sensitive to rising corporate demands for relief from exchange rate pressure. The LDP tried to get targets for a reduction in the current account surplus and an increase in imports included in last week's package, but met resistance on both counts from the powerful finance ministry.

An attempt hy Mr Masayoshi Takemura, Japan's finance minis-ter, to urge Mr Rubin to take action to curb the dollar's tall made in the margins of a meeting of Asia Pacific Economic Cooper ation forum finance ministers in Bali at the weekend, appears to have been unsuccessful.

Mr Takemura implied that Tokyo and Washington had agreed to cooperate to stabilise exchange rates.

hut US officials in Tokyo yes-terday denied that there had been any change in US policy on



Soldiers clash with protesters

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Israeli soldiers beat Palestinian demonstrators and detained 13 during a march yesterday in the occupied West Bank seeking the release of thousands of prisoners held by Israel, witnesses

The demonstration in the town of Ramallah was one of several protests organised through-out the West Bank and self-ruled Gaza by the Palestinian Prisoners Club - a group fighting for prisoners' release - to mark an annual prisoners

day. Israel released about 5,000 Palestinian prisoners under its peace deal with the PLO. But at least 6,000 more remain in jail while talks on expanding self-rule continue amid guerrilla

attacks against Israelis by Moslem militants. Witnesses In Ramallah said Israeli soldiers surrounded some 100 men and women marching with placards and began beating about 20 of them with gun butts and sticks. Palestinian police'a torn loyalties, Page 20

Oil price rises after **Baghdad** turns down UN plan

By Robert Corzine in London

Oil prices were sharply higher in New York yesterday, resuming a month-long rally that was halted late last week by fears that Iraq would begin limited oil sales under a United Nations plan.

Iraq's cabinet rejected the plan for \$2bn in sales, agreed by the UN on Friday, on the grounds that the oil embargo should be fully lifted. The formal Iraql response, announced on Sunday, prompted traders to push oil prices higher yesterday.

At one point the price of crude oil for May delivery on the Nymex in New York rose 85 cents to reach \$20 a harrel, just 10 cents off the eight-month high recorded last week. The important Brent market in London, however, was closed because of the holiday weekend in the UK.

Oil prices have risen in recent weeks in response to growing demand, especially in the US, where low stocks of gasoline set off the latest price rally. But yesterday's rally in New York was at least temporar-

Continued on Page 20

Executives quit as Salomon Brothers revamps business

By Maggie Urry in New York

Solomon Brothers. investment banking arm of Salo-mon, yesterday announced a wide-ranging restructuring of its management and said it would amend its controversial new com-pensation scheme, which has led to the departure of 15 of its 200 managing directors.

The management changes involve a new structure dividing the client-related business from the proprietary trading activity (dealing for the firm's own account). In the past the husiness has been managed on a geograph-

The changes follow the group's worst year when it made a pretax loss for 1994 of \$831m. Those results were characterised as "not acceptable" by Mr Deryck Maughan, chairman and chief executive of Salomon Brothers. Although Wall Street firms in general suffered poor trading conditions in 1994, Salomon fared worse. The fall in the bond mar-

ket caused significant inventory

losses as the firm was wrongly positioned for the drop. . The firm also took a one-off pre-tax charge of \$278m relating to book-keeping errors which had accumulated over a number of years. Within the \$831m loss, the client-driven businessea lost \$636m and the proprietary trad-

ing side lost \$49m.

Mr Maughan said of the restructuring: "We are taking a new approach to the way we manage our husiness." He said this reflected "the continued evolutions of our hubiness the said the said this reflected "the continued evolutions of our hubiness." hution of our industry and the introduction last [autumn] of the Client Business Partnership". It was this partnership which linked managing directors' com-pensation to the return on capital the division achieved.

The management changea involve replacing the executive committee by a management board. Ten members of the old committee are on the new 12-person board: Departures include Mr Richard Barrett, who was head of investment banking, and Mr Martin Leibowitz, who was in charge of the research department. Both resigned last week.

Joining the board are Mr Eric Fast and Mr Eduardo Mestre, who have been appointed coheads of investment banking. An operating committee is being formed to run the client business. Mr Dennis Keegan is taking charge of the proprietary trading side and will be responsible for managing trading risks.

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Managed Funds 34,35 Money Markets . Guide to Gurrencies ____ 27 World Stock Markets ... 32,33

© THE FINANCIAL TIMES LIMITED 1995 No 32,652 Week No 16 LONDON - PARIS - FRANKFURT - STOCKHOLM - NEW YORK - TOKYO

Ailing Mitterrand prepares to step down France reviews

The French president is quietly bringing an end to his record run, writes David Buchan

Behind all the noise of candidates auditioning for his role, François eyeing the private sector. The Mitterrand archives are being packed up to go into a Mitterrand is quietly backstage winding up his record 14 year run as president, so as to have his archives, books and himself out of the Elysée in time for the curtain to go up on the new act next month.

But the 78-year old president, now visibly ailing from his prostate cancer, is not quite as out of the electoral fray as he would clearly now like. Some members of his Socialist party, anxious to use every means to propel their candidate, Mr Liouel Jospin, into the final run-off election ou May 7, have been urging him to do more to intervene in the campaign on Mr Jospin's behalf before the first round next Saturday.

The president has made clear he feels that he has done what he physically can, using recent rare public eppearances to endorse Mr Jospin and to snipe that he wants to devote his remaining energies to making his exit. And so does his rapidly-disbanding team. Mr Hubert Vedrine, the Elysée secretary general, is to retreat to the Conseil d'Etat, the state's legal man, Mr Jean Musitelli, while

being packed up to go into a special section et the National Archives. Several tens of thousands of books that the president has been given over the years are destined for a library et Nevers in the region where Mr Mitterrand was long a deputy. Other official gifts, chiefly pictures and drawings, are to be shifted to Jarnac, the Mitterrand birthplace. When he returns full-time to his Left Bièvre, where he has always slept, Mr Mitterrand will not be taking from the Elysée much more than he arrived

The president faces one final marathon - the 50th anniversary of the end of the war in Europe - which as a history buff he has no intention of missing. Indeed, it may have strengthened his determina May 7, after voting in his old constituency of Chateau-Chi-non, he will fly to London. allies and enemies at a lunch on Msy 8, then depart for Ber-lin, and fly to Moscow the following day. For, he will still not hand over until the May 7 election bes been formally declared valid, probably



around May 10-12. The hand-over will be shortly thereafter. Mr Mitterrand has made clear he does not want to linger on until midnight on May 20, the legal time-limit on his man-

about Mr Mitterrand's own personal history are another reason why he is not yet com-pletely above the fray, even of this election campaign. The stand trial The Bousquet con-

chief of these concerns his role

Vichy chief of police. Mr Mitterrand did not himself reveal his relationship with Bousquet who was acrused in 1989 of war crimes. but shot dead in a Paris street two years ago before he could

in the war-time Vichy adminis-

semi-friendship until the early 1980s with René Bousquet, the

author, however, was generally helped in his work by the pres-

to explain his past before the historians get their hands on it, Mr Mitterrand stresses that quet's role in deporting Jewish children, he "dropped" him and, after an encounter in 1986, never saw him again. In a telemainly about his "grands trawaux at the Louvre and else-where, Mr Mitterrand said he would be deeply wounded if people thought he had had contact with Bousquet in full knowledge of the Vichy police chief's real wartime record.

But Mr Elie Wiesel, the
American Jewish friend who

published a book last week of conservations with the presi-dent, believes Mr Mitterrand should have known better - or at least sooner - about Bousquet. Mr Serge Klarsfeld, president of the association of the sons and daughters of deported French Jews, claimed to Le Monde this weekend that, once the truth about Bousquet began to emerge in 1978-79, any relations with him were "mor-ally condemnable".

None of this is going to

nection emerged last year in a chances. On the other hand, it Mitterrand biography whose may not hurt him much; the may not hurt him much; the Jewish vote is not as organised in France as it is in the US, and Mr Jospin has always kept a certain distance from Mr Mit-terrand's personal record. It may prove no more a handicap to the Socialist candidate than

the minor brouhaba over Mrs. Danielle Mitterrand's insistence on inviting President Fidel Castro to the Elysee earhier this year. Certainly, Paris-Match's recent revelation - of e quite different nature - that the

president has an illegitimate daughter, a pretty student called Mazarine, did him no harm with the French public. Parts-Match was only revealing what had apparently been widely known in Paris already. In fact, the only disapproval, by much of the press, was publishing photographs that were considered an invasion of privacy, disregarding the possiand her mother being long housed in state property. Since then even Mrs Danielle Mitter-

relief on the president's part at certain facts coming to light while he is still around to put

Bosnia mission

By John Ridding in Paris

Mr Edouard Balladur, French prime minister, is to meet senior members of his government today to review France's after the deaths of two French

soldiers at the weekend.

The meeting, which will include Mr François Leotard, defence minister, and Mr Alain. Juppé, foreign minister, follows warnings by the French government that it could with draw its peacekeeping forces. However, officials indicated yesterday that the priority was to find measures to improve security of UN forces and the extension of a crumbling cease fire which is due to expire at the end of the month.

The deaths of the French sensitive time for Mr Balladur, one week before the first round of voting in France's presidential elections. French policy towards former Yugoslavia. and the presence of 4,500 of its troops there, has not been an rand has spoken up for Mazadeaths will add to concerns rine. Again, in a curious way, about the peacekeeping mission and may put the operation on the political agenda. one almost detects a sense of

ist candidate in the presidential contest, demanded "greater clarity" from the government regarding its Bosnian policy: He called for tougher measures against the Bosnian Serbs as a means of encouraging a diplomatic solution to the conflict in the former Yugoslavia.

Mr Leotard said no decision.

had been made concerning French policy and that Paris would consult its European sartners on the future of the United Nations' peacekeeping mission. However, Mr Balladur indicated that certain coudithe mission to be maintained.

Bosnian Serb leader Mr. Radovan Karadzic yesterday announced be would reorgan ise his army and crush his Moslem foes if peace talks did loscov repare mark

sion of the Bosnian Serb eru Bosnia, Mr Karadzic send "If there are not going to be

eral Ratko Mladic. Bosnia stretched to contain a recen Moslem offensive. General Madic reportedly asked for

prime minister's office, include Bosnia a demand for progress towards a peace accord and freedom for UN forces to carry out their mission.

Diplomats played down the prospect of a French withdrawal, but said Paris had expressed increasing lupa-tience about the failure to

Mr Leotard, who described France's indignation and if the UN forces were found to

Russia to probe arms trading

By Chrystia Preeland and Dmitri Volkov in Moscow.

Russian state prosecutors yesterday filed criminal charges against the main government arms trading organisation, launching Russia's most serious formal investigation of corruption against a Chechnya, and are a further, state organisation since the indication of the growing power.

Rosvoruzhenie, e govfounded in 1994 and affiliated to the Ministry of Defence, of failing to pay Rbs44bu in taxes and conducting \$90m (£56m) in hard currency trade without proper licenses from the central bank. In a story published today, the Russian daily Sevodnya quoted Mr Alexander Zvigintsev, an aide to Russia's year of \$30m to \$35m. chief prosecutor, confirming.

charges were filed yesterday. The criminal charges, based on an investigation conducted by the presidential administration and the Ministry of step the government has taken. to fulfil Russian President ernment licenses

Boris Yeltsin's pledge last mouth that the Kremin would launch a tough campaign against state corruption. . .

Ministry of Defence, already weakened by the ineffectual. performance of its forces in officials who form Mr Yelisin's

prosecutors have private administration. Documents related to the number of questionable trans actions. They allege that Roslished, have been regularly paying foreign middlemen a 20 per cent commission on all

> ments also accuse Rosvoruzhenie and the Ministry of Defence of involvement in a number of transactions in co-operation with private Russian arms traders, some of them operating without gov-

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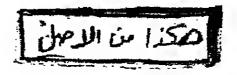
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NEWS: EUROPE

Moscow prepares to mark wartime victory

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By Chrystia Freeland

Three weeks before the grandiose -celebrations planned for the 50th anniversary of the end of the second world war, Moscow is abuzz with preparations for the retinne of high-powered western guests, including Mr Bill Clin-ton, the US president, who have promised to attend.

Urban thuroughfares are regularly blocked for rehears-als of the May 9 Victory Day parade and a brand new complex of military monuments is being frantically constructed a few miles from the Kremlin to spare Mr Clinton the embarrassment of presiding over a

display of Russian arms.

But, even as fresh coats of paint are being brushed over any huilding likely to encounter Mr Clinton's eye, the Russian military has launched a mure hrutal set of prepara-tions. Eager to subdue resistance in the Chechen republic before May 9, Russian officials said yesterday Russian forces ware preparing a renewed assault on Bamnt, the remaining Chechen stronghold in the region's arable and industrialised northern and central

Moreover, over the weekend Gen Pavel Grachev, the Rus-sian minister of defence, served notice that, until "conditions are stable in Russia" Moscow would ignore some provisions limiting the numbers of troops and armaments in Europe set out in the Conventional Forces in Europe treaty. "The amount of arms and military equipment which the treaty allows Bussia to have in this region [tha Caucasus] is insufficient," Mr

While the immediate catalyst for Mr Grachev's comments was the limit the CFE treaty would put of Moscow's ability to send in additional troops and tauks to quell Chechen resistance, he also voiced broader dissatisfaction with the arms pact.

"We are trying to convince our partners that the leaders of the former Soviet Union signed this pact," Mr Grachev said, expressing the widely beld Russian view that the CFE treaty, signed before the collapse of the Soviet Union, places undue restrictions upon

the newly separate and shrunken Russian Federation. "Now that the Soviet Union has broken up, Russia, as its successor, cannot observe all of the flank limitations." Mr Grachev's attack on the

CFE treaty and Russia's apparent willingness to pursue its war in Chechnya in the face of unrelenting western criticism are hoth signs of a new. tougher foreign and military stance which is crystallising in Moscow. Other issnes on which Russia is taking a harder line include its determination to carry nut a sale of nuclear reactors to Iran. despite US protests, its unwavering opposition to an eastward expansion of the Nato alliance and recent warnings that the Start 2 treaty, which limits nuclear weapons, is unlikely to be ratified by the

Mr Grachev's warning threatens to undermine the painstaking efforts of western, and in particular US, politicians to separate the Chechen conflict from the broader foreign and military policies of the Yeltsin administration.

But because the west fears that any successor is likely to be even more bostile, it continues to believe that continued friendliness is the only option.

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Tobin savours glory of victory at sea

Mr Brian Tobin, Canada's fisheries minister, capped six weeks of political glory yesterday in St John's, Newfoundland, by welcoming bome a small flotilla of Canadian patrol vessels from the contested fishing grounds in the north-west Atlantic.

Mr Tobin, dismissed just a few years ago as a londmouthed hackbencher, has emerged as the most visible Winner in the six-week-old fishing dispute hetween Canada. Spain and other members of the European Union.

His skilled public relations deflected criticism from Canada's less-than-perfect fishing practices to focus attention on the threat faced by the world's fishing grounds. The 40-yearold former radio announcer's forceful approach towards Spanish trawlers on the Grand Banks triumphed over more cautious volces within the department of foreign affairs in

In the deal secured over the weekend, Ottowa gave up a big chunk of its previous quota, sures which go beyond any previous monitoring of fishing activities in international waters. Mr Jean Chrétien, Canda's prime minister, described the agreement as "a major breakthrough on conservation and enforcement - our primary objective."

Independent observers will be placed on board all vessels to enforce conservation rules. Satellite surveillance of fishing activities will be stepped up, and Canada will be allowed to conduct tougher inspections of foreign trawlers at sea and in

Amid the celebrations how-ever, some voices of caution were being raised.

Western Europe's new car

Sales fell in March by 2.3 pe

cent higher than a year ago.

cent year on year, leaving total

first quarter sales only 1.5 per

Last month's statistics

underline the caution repeat-

edly expressed by Europe's car

makers about prospects for

growth this year. Total sales in

1994 rose by nearly 6 per cent

hut year-on-year growth weak-

ened to 3.7 per cent and 3 per. cent respectively in January.

Sales fell last month in 11 of

the region's 17 markets, according to provisional fig-ures from Acea, the European

Antomobile Manufacturers'

Even French sales, which

had been recovering strongly.

fell 1.3 per cent in March. Ger-

many, by far the largest mar-

ket and where growth has

proved most elusive among the major EU ustions, saw another

decline - of 3.4 per cent - last

Demand in the UK fell 1.8

per cent year on year and, in Italy, by 1.6 per cent. The mar-

ket hardest-hit was Belgium,

TOTAL MARKET

MANUFACTURERS:

PSA Peugeot City

- Lancia - Alfa Romeo

- Rover

MARKETS:

By John Griffiths

and Fehruary.

W Europe car

market recovery is faltering. partly offset by strong growth

sales slipping

NORTH-WEST ATLANTIC DEAL

- 1995 limit for Greenland halibut (turbot) catch 27,000 tonnes • The EU (Spain and Portugal) allowed to fish another 5,013 tonnes this year; about 6,000 already caught
- outside Other countries (Poland, Russia) may sell quotas to EU
- Stricter mesh-size regulations for nets
- Satellite surveillance

 Canada to revoke rule allowing seizures of ships in international waters

Last weekend's deal still requires the approval of other Northwest Atlantic Fisheries Organisation members, such as Japan, Russia and the Baltic states. The EU and Canada will need to co-operate to persuade these countries that the agreement is in everyone's hest interests.

But a good deal of suspicion remains between Canada and the EU, especially Spain. The Spanish fishing industry's anger at its share of the quota could pave the way for difficult negotiations later this year when the 1996 catch is set.

For their part, the Canadians remain nervous about Spain's willingness to ahide and enforce the quotas and other conservation measures, such as minimum fish and net sizes.

Politicians and officials on both sides of the Atlantic will be thinking hard over the next few months about how to avoid a repetition of the fisheries cri-

There are several other irritants in EU-Canada relations. some of which have festered for years. The EU is unhappy about Ottawa's anti-dumping rules on steel and sugar. Canada has lobbied against curbs imposed by Brussels on

Sucb declines were only

in the smaller countries of

Scandinavia. Norway's market

jumped 27.9 per cent year on

year last month and Finland's

Among individual car mak-ers, Italy's Fiat group put in

the most huoyant performance

in March, increasing total sales

- including those of Lancia

and Alfa Romeo - by 12.4 per

The Volkswagen group,

Peugeot/Citroën, Ford and Ren-

ault all lost ground, with sales

falls of 5 per cent or more last

continued to lose ground, their

collective sales for the month

falling hy 3.1 per cent year on year. However the overall Jap-

variations in individual mann-

of 12.4 and 11.4 per cent respec-tively, hut Honda, whose new

Civic model has joined the larger Accord in production at

its UK manufacturing plant at

Swindon, saw its sales leap by

12.5 0.5 12.3

11.0 2.6 2.4 0.4 13.0 12.4 0.4 12.6 7.4 5.1 12.0 8.6

1.4 0.9 12.0 11.9 0.1 10.2 6.3 3.1 3.2 3.7 3.5 2.7 1.7

26.7 16.0

facturers' performances. Nissan and Mazda saw falls

16.6 per cent.

-2.1 +15.5 -10.4 -12.2 +1.8 +2.2 +11.2 -0.8 -1.5 +0.3

+12.1

WEST EUROPEAN NEW CAR REGISTRATIONS

January-March 1995

3,277,200

95.255

310,800

346,047

by 16.7 per cent.

month.

- · Canada to fish up to 7,000 tonnes in own waters and 3,000
- Canada and EU each entitled to 41 per cent of 1996 quota
- Independent observers on all trawlers in the area

its fur and lumber exports. Some EU members, smarting from Mr Tohin's clear victory in the public opinion stakes. feel that the climate could be improved if wider publicity is given to recent achievements in the transatlantic relationship, such as the harmonisation of competition policy and product standards. One diplomat predicts a more pro-active information effort".

Even Mr Tohin's success is not without potential pitfalls. Having drawn attention to overfishing on the high seas, he faces tough decisions on the preservation and revival of depleted fish stocks within Canadian waters.

For instance, concerns have mounted in recent months about dwindling salmon stocks on the other side of the continent. The fate of British Columbia's famous salmon fishery could lgnite a hotter political fire under Mr Tobin than the less glamorous turbot in the distant north Atlantic.

Madrid dismayed by 'smears'

Indignation at the EU deal is widespread, writes David White

presented the EU's set-tlement with Canada over fishing rights as "the best agreement possible". But noone else in Spain, and least of all in the north-western fishing region of Galicia, had anything

Canada celebrates EU fishing deal
Galician trade unionists call it a 'shot in the head'

good to say about it.
"The fishing industry wants to carry on fishing and would rather quit because of Canadian gunfire than because of Brussels dropping its trousers," said Mr José Ramón Fuertes, manager of the Vigo trawler-owners' association.

Indignation over the deal. which leaves the Spanish freezer-trawler fleet about a quarter of its previous annual catch of Greenland halihut (called turbot in Canada), was shared by conservatives and Communists alike. Galician trade unionists called it "a shot in the head". Even the mayor of Vigo, who belongs to the governing Socialist party, called it "scan-

Ireland, the UK, France and South Africa, and Spanish fish-ing licences in the rich coastal suspended altogether.

Last-ditch EU-Moroccan talks are scheduled next week, with only a few days to go before the current agreement runs out. Morocco is seeking catch reductions of 30-65 per cent, according to species, and more Moroccan crew on foreign boats. Spain, with ahout 650 boats relying on the Moroccan fishery, needs all the support it can get.

Madrid is dismayed by what for having agreed last Novemit sees as a smear campaign against its fishermen - "a game of slurs and manipulation" according to Mr Luis Atienza, the agriculture and fisheries minister. But the lack of sympathy from Britain and lreland is only one of a series

of contretemps with a deal that would satisfy

Pressure on Spain to accept a deal became irresistible after a week in which Spanisb fishing vessels were impounded for alleged illegal practices hy waters of Morocco risked being

ber to an overall limit, inside and outside Canadian territo-

Spain realised from the start of EU-Canadian negotiations that it could never come back

rial waters, of 27,000 tonnes. The Northwest Atlantic Fisheries Organisation's scientific committee had suggested 40,000 tonnes, or about two thirds of the amount then being fished.

A less painful compromise might have been found within the higher limit. But arguing for a larger overall catch was

Spain calls in British ambassador Spain yesterday summoned the British ambassador in Madrid to

express its displeasure at Britain's position during the fishing dispute between Canada and the European Union, Reuter reports, "The ambassador is being called to the ministry today and he will be informed of Spain's displeasure at Britain's attitude from the heginning of this dispute until the very end," foreign minister Mr Javier Solana said. He said the EU was an association of countries with a "subtle equilibrium" and when a member broke this equilibrium, it had serious consequences

These may become apparent when Spain takes over the presidency of the EU in the second balf of this year.

the Galician trawlermen. It has heen thoroughly out-manoeuvred by the Canadians in the propaganda war. And it has been unable to do anything about what it regards as an initial hlunder by the Euro-

pean Commission. It believes that fishing of Greenland halihut, the last commercially viable species in the Newfoundland hanks region, has been limited more than strictly necessary to preserve stocks. Most fishing agreements, Spanish officials argue, set overall limits at or slightly above the level recommended by scientists. They privately blame the EU and the previous fisheries commissioner Mr Yannis Paleokrassas

by now out of the question. It would only have exposed Spain to further charges of environmental indifference.

"The Canadians have got the message across that this is a conservation issue," Mr Luis Atienza, the Spanish agriculture and fisheries minister. said last week. Spain has tried to persuade its partners that it is equally interested in protecting stocks, and that the question is how the catch should be

Faced with impressive Canadian lobbying and a virulent outhreak of anti-Spanish reactions in the UK and Ireland. Madrid has tried to salvage its pride by insisting on principles of "international legality".

This bas meant persuading Canada to stop threatening Spanish and Portuguese vessels outside its 200-mile limit and to refund the bail bond paid by the owners of the trawler Estai after its capture last month, and to compensate them for having confiscated part of the vessel's catch. It is still pressing ahead with a case against Canada in the Interna-tional Court of Justice in The Hague. It is also maintaining a visa requirement for Canadian citizens visiting Spain.

For Mr Atienza, these princi-ples are "more important than 1,000 tonnes more or less". Galicia's deep-sea fishermen see it differently, however

They accuse the EU of bending in response to the use of force - an encouragement for other coastal countries, they say, to act likewise. The Spanish will be seeking new fishing grounds to compensate for the partial loss of the Greenland halihut business, But difficulties already loom with countries such as Argentina.

The conflict has been a test for Spanish influence in the EU. Madrid prepared the ground in Brussels to ensure it had EU hacking before chalienging Canada. But the hreak-down of EU unanimity and the disappointing outcome have left a hitter taste.

Yesterday's headlines were "Spain capitulates" and "Sunk!". A Gallup poll published at the weekend hy the conservative ABC showed a telling development in Span-iards' feelings about the EU. More than 40 per ceut thought membership unfavourable to Spain, against 34.5 per cent who thought it favourable.

STATE PROPERTY AGENCY

The Gerbeaud Palace - a pearl of the Hungarian privatisation

The Gerbeaud Confectionery means as much for the people of Budapest as the Demel or Sacher for the Viennese, the Café de la Paix for the Parisians, or the Claridge and the Fortnum & Mason for the Londoners.

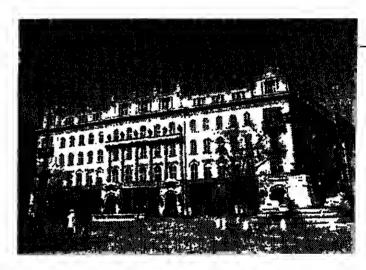
The Hungarian State Property Agency (SPA) offers the Gerbeaud Palace in downtown Budapest for sale together with the right to operate and use the name of the Confectionery.

The classicist structure is the predominant building of Vörösmarty Square at the end of the downtown shopping precinct. The facade of the building as well as the fumishing of the Confectionery on the ground floor is dominated by secessionist features. Inside the building one finds original varnished doors, different types of pillars, fireplaces, stuccoes and statues in eclectic style.

The construction of the building started as far back as the 18th century, its final, classicist-secessionist form had taken shape by the beginning of this century. Earlier it was housing the Salt Office, later a bank. The Confectionery of the Kugler family and the studio of a famous photographer occupied the ground floor from the third quarter of the last

The Gerbeaud family became the owners of the building at the beginning of this century. They converted it into an apartment house and from then on the Confectionery was known as the Gerbeaud Confectionery. Though the right to use this name was cancelled in 1950 and was again granted only in 1984 the people in Budapest always used to refer to it as the Gerbeaud in everyday life.

Although a part of the building is empty since two years, but the famous Gerbeaud Confectionery as a sight of the town was and still is visited not only by kings, Heads of State and Prime Ministers but it is an exclusive meeting place of the local population and of the foreigners visiting the Hungarian capital. The Confectionery is always full up to its capacity, the visitor is dazzled already by the entrance and this feeling is enhanced when they consume the extremely tasty pastries in the surroundings of magnificent original furnishing. The furnishing - the chairs, the tables, the mirrors, the fireplaces - belong to the functional branch of secession and they are originals from the beginning of this century.



Therefore the buyer must undertake the obligation to continue to operate the Confectionery in its original form and with its original furnishing. The Confectionery is under the protection of the Applied Arts Historic Buildings, its basic area is 2,400 square meters, the basic area of the presently empty part of the building for use of offices is 6,800 square meters. According to the tender the utilisation of the later is only regulated by the fact that downtown Budapest belongs to the world heritage and the utilisation, whatever it may be should not be inconsistent with this fact.

The SPA offers for sale the 100% ownership of the Dorottya Ltd. with HUF 1,5 billion registered capital. This company owns the building of Gerbeaud unencumbered and unenforceable. The SPA sells within the same portfolio the right of operating the Gerbeaud Confectionery and the use of the Gerbeaud name.

The tender has been published in the April 7. 1995 issue of the Financial Times.

Deadline of submission of the tenders: 7 June, 1995. between 12-14 p.m. at the headquarters of the SPA, address: 1133 Budapest, Pozsonyi

The tender material may be purchased by all who are interested at the Client's Office of the SPA (address: 1133 Budapest, Pozsonyi út 56. Phone: (36-1) 269-8990, Facsimile: (36-1) 269-8991).

Further information may be obtained from: Mr. Mihály Kádár (Phone: (36-1) 269-8600 ext. 1117), senior counsellor of the Industrial III. Privatisation Management of the SPA.

HUNGARY: PRIVATISATION GOES ON

Drawing the line around megadeath

Bernard Gray assesses conflicting aims at the UN's conference on the nuclear non-proliferation treaty

seminal dabste on record of nuclear disarmament. hensive peace settlement for whether nuclear weapons will spread around the world, or whether the atomic genie can be squeezed back into the bottle, opens in New York this week.

Yet, despite the overwhelming onportance of the subject. and the presence of high-ranking delegations, the renewal conference on the nuclear nonproliferation treaty is getting

That may well change. Once the conference starts to vote on how to extend the treaty beyond its original 25-year life. sparks may fly.
The NPT divides the world

into five recognised nuclear haves and every other nation that has agreed to be a nuclear have-not. The five nuclear weapons states (the US, Russia, UK, France and China) are keen to keep their monopoly of nnclear arms. The first four are suggesting (and China is unlikely to oppose) the NPT be extended indefinitely.

The nuclear weapons states say that only this indefinite extension will entrench the principle that such srms should never spread. The US, in particular, also claims that an indefinite extension would give it more confidence to take nuclear disarmament further. Many developing countries

led by Egypt, Mexico, Nigeria and Iran - oppose an unlimited endorsement. They argue that to extend the treaty without limit would remove all leverage on the existing nuclear weapons states and would freeze an unfair status quo.

To these developing countries in the non-aligned movement, indefinite extension, far from entrenching non-proliferation, could make the treaty less flexible and risks spreading weapons further. The only sanction open to countries unhappy with the NPT or the behaviour of nuclear weapons states would be to leave the treaty: once outside, they might try to become nuclear

Besides, the non-aligned states are sceptical about the

The NPT committed the weapons states in 1970 to "a cessation of the nuclear arms race at an early date and to nuclear disarmament". Only recently, and with the 25-year deadline of the NPT near, have weapons states agreed to substantial cuts in warheads and started to negotiate seriously about

Mr Boutros Boutros Ghali, UN secretary general, told the opening of the nuclear nonproliferation treaty conference yesterday that doing away vith nuclear arsenals was the most safe, sure and swift way" to deal with the threat they posed, reports Michael

However, he did not take sides in the debate on whether to extend the treaty indefinitely or only for limited peri-ods. The UN chief urged an end to nuclear testing, production, and sales or transfer.

banning all nuclear tests. Nonaligned states would like to extend the treaty for a limited period and have another review conference to keep the nuclear weapons states under

But the conference mathematics are not easy for nonaligned countries. A simple majority of the 170-plus signa tories is all that is required to extend the treaty indefinitely.

The US a claims to have the support of 90-100 countries for indefinite extension. The nonaligned movement has the support of only 40-50. Worse, for the latter, there are different reasons why developing countries want a limited extension.

Several Arah states, led by Egypt, are concerned that there is a nuclear imbalance within the Middle East, which they want resolved hefore agreeing to a long or indefinite extension of the NPT. Israel is not a party to the NPT and is widely accepted to be an undeclared nuclear weapons state.

Israel has said that it will only consider joining the NPT, and effectively giving up its nuclear arms, after a compre-

Limited N-treaty sought by Egypt

By David Gardner, Middle

the region, including countries

as far away as Iran. Egypt

argues that Israeli accession to

the NPT would remova any

excuse for other countries in

the region to pursue nuclear

weapons and would greatly

improve the chances of a estab-lishing a nuclear-free zone in

That argument seems

unlikely to be settled at the

conference, but the issue is

very different to that of lack of

progress on nuclear disarma-

ment and the slow edging towards a nuclear test ban

treaty which upsets other

developing countries. Only if

non-aligned countries can agree and hold to a common line during the conference are

they likely to be able to offer a

serious alternative to indefi-

If the opponents of such

extension can coalesce around

a single position, the confer-

ence could be finely balanced

as it enters its final week in

early May. A bare majority of votes for indefinite extension

might be legally hinding, but

tha dissatisfaction of the

remainder could rob the non-

proliferation cause of much of

its moral authority. An over-

whelming vote for a limited

extension might then look

more attractive to weapons

At present, there is little sign that the US or others want to

But nothing is certain in

such conferences and ideas can

gain a momentum of their

own. An early indication of

bow strong opposition to indef-

inite extension is will be the

solidarity of the non-aligned

movement's statements at the

whether or not the voting sys-

tem should favour a single lim-

ited-extension alternative to

Washington's preferred course,

or a multitude of options, will

As the opening chips start to

go down, the betting has to favour the US and its harder

The result of a tussle over

start of the conference.

also be some guide.

contemplate such a course.

nite extension of the treaty.

the Middle East.

Egypt intends to continue efforts to put a time limit on the renewal of the nuclear Non-Proliferation Treaty (NPT), unless Israel is brought into international arrangements for nuclear disarma-

Tha US is leading a campaign for an indefinite exten-sion of the NPT, which came into force in 1970 for 25 years and will be put to a vote by May 12 after a UN review conference starting this week in New York.

Egypt, with its Arab neigh-bours and in co-ordination with other Third World countries, is demanding that the NPT be universally applicable. It argues that Israel's presumed possession of nuclear warheads is a threat to security and the peace process in the Middle East.

"An indefinite extension is not in our interest," Mr Amr Moussa, Egyptian foreign minister, told the Financial Times before leaving for New York. "But a reasonable extension could help us negotiate a viable disarmament process in the region." He insisted in an interview: "We are members in good standing of the NPT and have absolutely no interest in destroying or withdrawing from this treaty." But, he added: "Universality means what it says in Webster's dic-

tionary - for everybody." Mr Moussa argues for an NPT extension of about five years, during which negotiations to turn the Middle East into a nuclear weapons-free zone would proceed in tandem with the Israeli-Arab peace process, and then be tied into definitive NPT.

Israel is not a signatory to the NPT, and refuses to con-firm international intelligence estimates that it has an arsenal of np to 200 nuclear warheads. "We have clear benetits from the unclear situation of Israel's nuclear capability." one senior Israeli foreign ministry official says. Editorial Comment, page 19

Bond placement lifts hopes for **Argentine banks**

By David Pilling

Argentina received a big lift vesterday with the news from Citibank that it had nearly completed international placement of a much delayed \$1bn (£629m) sovereign bond issue. The issue is part of a \$2.5bn pool of funds the government is using to restructure the Argentina hanking sector, which has been severely hit by a credit squeeze since Mexico's devaluation last December.

Mr William Rhodes, vice-president of Citibank, co-ordinator of the placement, said in a letter to the Argentine economy ministry yester-day that \$900m was already promised by several international banks and that other institutions were expected to subscribe early this week.

The boost for the hard-hit banking sector came as Argen-tina prepared for the start today of a credit guarantee scheme that is to pay up to the equivalent of \$20,000 to depositors at any bank that fails. The insurance scheme follows the weekend announcement by the central bank that it had suspended five private banks.

Among thesa was the regional Banco Integrado Departamental, one of Argentina's higgest banks in terms of branches (140), but mediumsized by deposits (\$400m). Business there and at four smaller institutions has been suspended for 30 days while the central hank decides whether they should be closed permanently, restructured or merged with healthier banks. Until today, Argentina, whose currency board system severely restricts the central bank's freedom to act as a lender of last resort, had no deposit insurance scheme.

Those holding accounts in banks suspended on or before the weekend are not covered by the new guarantee. Mr Martin Redrado, director of the Fundación Capital economic consultancy, said the scheme was a "step in the right direction" and should

help to reassure small and

medium-sized depositors, who would receive "very good cov-erage". In the coming week alone, \$4.5bn.\$5bn of fixed-term deposits come up for renewal.

President Carlos Menem has appealed to savers to leave money in the financial system However, bank customers who roll over 90 day-deposits this week will not be able to get at their cash until after the presidential election in mid-May. This could add to the temptation to withdraw funds. Total bank deposits now stand

at \$36.5hm, nearly 20 per cent down on the total before Mexico devalued last Decem-ber. The number of banks many trapped between very high interest rates and the falling value of their bond and equity holdings - has shrunk from 166 last December to below 140, as institutions have been forced to merge.

The deposit insurance scheme, to be funded by the banks themselves, will fully cover investors for up to \$10,000 on deposits of less than 90 days. Those with deposits of more than 90 days will be insured up to \$20,000.

Banks will begin to pay 0.03-0.06 per cent of their deposits into the insurance fund, to be known as Sedesa, from pext month. If any bank fails, Sedesa will reimburse depositors up to the maximum entitiement. From July 1, banks offering interest rates two percentage points above a central bank reference rate will be outside the guarantee scheme.

The central bank is to decide what percentage banks should contribute to Sedesa according to each bank's perceived risk, with higher-risk banks paying more. Bank contributions will be kept secret so as not to draw public attention to fragile institutions and risk provoking

a run on deposits. Mr Patricio Hickey, analyst at brokers Interacciones, said a political decision had heen taken not to force more bank closures so close to the presidential election on May 14. A big clean-np of the hanking system would come after the election, he predicted.

INTERNATIONAL NEWS DIGEST

Japan-US car trade optimism

Japanese and US officials yesterday resumed high-level talks on vehicle trade, with both sides expressing optimism that agreement could be reached to increase Japanese imports of cars and car parts. However, there were substantial differences over US demands for deregulating the Japanes market for replacement parts and for "voluntary" plans from Japanese motor vehicle companies for increased buying of

A third US demand - that Japanese vehicle companies tell panese dealers that they are free to sell foreign cars without fear of retribution - seems the easiest to satisfy. However, Tokyo still insists that it will not try to force Japanese companies to buy more foreign car parts. An official yesterday said voluntary plans are "an essential component" of a deal.

The Japanese official said the high yen is forcing Japanese manufacturers to reduce the number of parts used in vehicles and they do not expect to increase their production in Japan. However, he said, increased purchases of US parts are possible "if US parts manufacturers have the ability to produce new combined parts for reasonable prices." Nancy Dunne,

Cuba warns on exodus

Cube has warned the US that any rightening of its 33-year trade embargo on the Caribbean island could risk a new exodus of Cuban refugees towards the US.

.The warning came before Cuba-US talks in New York today to review a September 9 immigration accord that ended a Cuban refugee crisis last summer. The head of the Cuban delegation, Mr Ricardo Alarcón, said that moves by anti-communist Republicans in congress to toughen the US embargo could entail renewed attempts by Cuhans to emigrate

. Havana argues that the economic impact of Washington's trade embargo against Cuba played a major role in leading to last year's immigration crisis. Pascal Fletcher, Havana

Interest rate rise in India

India yesterday lifted the maximum interest rate commercial banks pay, by one percentage point to 12 per cent, in a fresh bid to bring down inflation, now in double digits.

Annual price inflation hit a peak of 11 per cent a few weeks food grain prices stubbornly high in spite of a new crop. Concerned over the contra-seasonal price surge, the Reserve Bank of India, the central bank, has reversed previous interest rate cuts to slow the expansion in the money supply.

The latest deposit rate rise is part of the credit policy the Reserve Bank announced for the first half of the fiscal year to March 1996. The maximum deposit rate was increased to 11 per cent from 10 per cent three weeks ago. R.C. Marting.

Mrs Mandela quits cabinet

Mrs Winnie Mandela resigned yesterday as a deputy mini in the South African government, just hours before her official dismissal by President Nelson Mandela was to take effect. -

The estranged wife of the president was first dismissed as deputy minister of arts, culture and science on March 27, was-reinstated last Wednesday, and dismissed again on Friday. Mr Mandela, who has refused to give reasons for her dismissal, had said on Friday that her latest sacking would not take effect until today. Roger Matthews, Johannesburg

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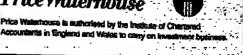
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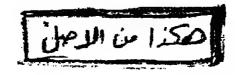
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NEWS: ASIA-PACIFIC

Japanese companies take stock of investment in China

Labour disputes and government policy changes are affecting new commitments, write Tony Walker and Michiyo Nakamoto

Takeshi Naka-yama, president of Toshiba's operations in Dalian, the northern Chinese city, has taken the unusual step of petitioning the local authorities on a range of business grievances that threaten further investment in China by the Japanese con-

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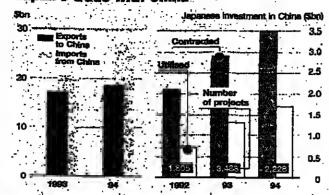
sumer products giant.
Such, it seems, is Mr Naka-yama's frustration with difficulties in Dalian, which is a focus for Japanese investment, that he was not averse to fairly hunt criticism of the business environment in China being published in the international

"The most acute problem is constant changes of government policy." he says in his new \$110m (£69m) plant in the Dallan Economic and Technological Davelopment Zone. "Another problem is the increasing threat of labour dis-putes over pay and living con-

In his seven-point criticism. Mr Nakayama lists: an erosion in favourable treatment for foreign investors; steep rises in the costs of business due both to inflation and arbitrary increases in business charges; labour disputes, policies that contradict international business practice, such as retrospective charges for infrastruc-ture facilities in the development zone; an unresponsive legal system for dispute settlement; the rapacious levying of fees and charges by

By William Dawkins in Tokyo

Japan's trade with China



local officials; and inadequate infrastructure facilities.

Toshiba, Mr Nakayama made plain, was delaying a decision on further \$115m investment at its Dalian plant where it manufactures electric motors for household appliances and also printed circuit boards. Options include switching some of its planned operations to Vietnam or the Philippines. Mr Nakayama had recently visited the Philippines where he found

conditions "very favourable". While Toshiba's misgivings about expanding further in China at this stage may not be typical of all Japanese companies, there is no donbt the mood among Japanese investors has become more cautious this year. In fact, 1994 foreign investment figures released this month by the Ministry of

Foreign Trade and Economic Co-operation revealed the beginning of a slowdown.

Numbers of new projects involving Japanese companies in 1994 were down 36 per cent. Growth last year in contracted investment slowed to 18 per cent from 35 per cent in the previous year. Growth in utilised investment was 30 per cent compared with 93 per cent

Japanese bankers confirmed that the mood among clients was hesitant. Mr Kazuyasu Buma, general manager of the Dalian branch of the Industrial Bank of Japan, said that among the concerns of Japanese companies was the prob-lem of "hidden costs" of doing business in China

Labour costs which included

tually mandatory bonuses and other charges, were much higher than anticipated. Inflation was also darkening the stumble." mood among investors. "Japa-

nese companies are pausing for tha moment," he says. "For this year at least they want to In Beijing, a Japanese embassy official acknowledged that "Japanese companies had become more cautious". He attributed this both to worries about inflation and to concerns about an apparent change in Beifing's own attitude to for-

China is about to unveil new foreign investment guidelines that seek to distinguish more clearly between various categories of investment that are to be "encouraged, restrained and prohibited". As part of this review, Beijing had indicated that it will begin to phase out preferential tax treatment for some types of investment. Previoualy, incentives were offered virtually across-theboard for foreign investment.

While many Japanese com-panies might be pausing before committing themselves further to China, this does not mean that all are getting cold feet. Ricob, the office equipment manufacturer, for example, is proceeding with plans for a large facsimile manufacturing

"If you have a short-term perspective you will become very hesitant," says Mr Haruo

ing director of Ricoh. "Unless you are very clear about why you are in China you will

Toyota Motor, which is pressing hard for a joint venture with the Tianjin Automobile Industry Co. to produce saloon cars, says it is taking a similarly long-term view. "We are very optimistic about the liberalisation treod," said a Toyota spokesman in Tokyo. "Phases of uncertainty, even a leadership change, will not affect the move towards market opening."

But in spite of these relatively positiva sentiments, there seems no doubt reappraisal of risks and rewards is under way among Japanese business. in Beijing, the representativa of a big carmaker said sentiment had cooled. Japanese companies were concerned about a less sympathetic business environment

and potential political worries connected with transition to a new generation of leaders "although people back home are more nervous about this than people here".

In Dalian concern about labour unrest and a suspicion among Japanese managers that the local authorities may be turning a hlind eye to indus-

trial agitation is casting a shadow. In 1994, Japanese companies were hit by 15 strikes, some called without warning. Worst afflicted was Mabochi Motor, the micro-motor manufacturer, whose 6,000 workers stopped work for two days in March 1994. The company granted a 40 to 45 per cent pay increase to resolve a dispute over wages and living cooditions. Other Japanese companies in Dalian have been simi-larly affected.

Mr Nakayama said although Toshiba had not been afflicted by strikes, the threat of sudden He noted that the local authorities had issued temporary reg-ulations which obliged workers to provide 72 hours' notice before initiating industrial action, but these regulations were not being enforced.

"I think the temporary regulations are ineffective," he

De Beers Consolidated Mines Limited

(Incorporated in the Republic of South Afric Registration No. 11/00007/06

NOTICES TO MEMBERS

ANNUAL GENERAL MEETING

Notice is hereby given that the one hundred and seventh Annual General Meeting of members of De Beers Consolidated Mines Limited will be held at the Head Office of the company at 36 Stockdale Street, Kimberley on Friday, 19 May 1995, at 14:15, for the following business:

to receive and consider the annual financial statements of the company and of the group for the year ended &1 December 1994, to elect directors in accordance with the provisions of the articles of association of the company;

to consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution

"That subject to the provisions of the Companies Act, 1973, as amended and the rules and regulations of The Johannesburg Stock Exchange, the directors be and are hereby authorised to allot and issue all or any portion of the unissued deterred shares of five cents each in the capital of the company at such time or times, to such person or persons, company or companies, and upon such terms and conditions, as they may determine:

Notice is hereby given that a General Meeting of members of De Beers Consolidated Mines Limited will be held at 36 Stockdale Street, Kimberley, on Finday, 19 May 1995, at 14:20 or immediately following the Annual General Meeting which has been convened for 14:15 that day, whichever is the later, for the purpose of considering and, if deemed fit, of passing, with or without modification, the following special and ordinary resolutions, namely:

1. Special Resolution

That article 99 of the articles of association of the company be and is hereby amended by the deletion of the words 'resident in the Union of South Africa

Ordinary Resolution

That (I) the ordinary resolution passed by members at e General Meeting held on 13 June 1967 be rescarded;

(ii) the borrowing powers of the directors be increased so as to empower the directors to borrow or raise monies from time to time for the purposes of the company and its subsidiaries up to an amount not exceeding twice the shareholders' equity (comprising share capital and share premium, distributable and non-distributable reserves) as set out in the most recent audited consolidated financial statements of the company and its subsidiaries.

The reason for proposing the above special resolution is to facilitate the board's objective of complying with recommendations or corporate governance and therefore allow the directors to delegate any of their powers to committees of such members of their body no matter where such members are resident. The effect of the resolution is to remove the restriction imposed on directors whereby committees of directors so formed in terms of article 99 can only consist of

The deferred share transfer registers in Johannesburg and London and the deferred section of the register of members of the company will be closed from 15 May

Holders of linked deterred share warrants to bearer who wish to ettend in person or by proxy or to vote at any general meeting of the company must comply with the reculations of the company under which share warrants to bearer are issued.

A member entitled to attend and vote at the meetings is entitled to appoint a proxy or proxes to attend, speak and vote in his stead. A proxy need not be a member of the company, if required, forms of proxy for the Annual General Meeting and General Meeting are available from the Head office and the office of the London Secretaries of the company. Proxy forms must be lodged with the company's share transfer secretaries not later than 15:00 on Thursday 18 May 1995. Completion of a form of proxy will not preclude a member from attending the meetings. By order of the board

R.W. KETLEY Secretary

Registered and Head Office

36 Stockdale Street, Kimberley, (P.O. Box 616, Kimberly, 8300) South Africa

18 April 1995

Centenary Depositary AG

NOTICE OF ANNUAL GENERAL MEETING OF DE BEERS CENTENARY AG

Holders of Centenary depositery receipts are hereby notified that De Beers Centenary AG ("the company") has given notice to its shareholders convening its fifth Annual General Meeting which will be held at the Grand Hotel National, Lucerne, Switzerland on Tuesday, 9 May 1995 at 12:15. The agenda and motions for the meeting are as follows:

AGENDA AND MOTIONS

1. To receive the reports of the Auditors and Group Auditors for the financial year ended 31 December 1994.

2. To receive and adopt the Report of the Directors, the annual financial statements of the company and of the group as at and for the year ended

The following motion will be proposed as Resolution No.1: That the Report of the Directors for the year ended 31 December 1994, together with the annual financial statements of the company and of the group as at and for the year ended 31 December 1994 respectively, be and they are hereby approved and adopted.

3. To approve the allocation of balance sheet profits as recommended in the Report of the Oirectors and to declare a dividend of SFr. 7. per share requal to 7

That the allocation of balance sheet profits as recommended in the Report of the Directors be accepted and approved, including the declaration of a dividend of SFr. 7.-per share (equal to 7 centimes per Centenary depositary receipt) payable on 24 May 1995 to shareholders registered as such in the company's register of shareholders on Friday, 24 March 1995.

4. To ratify and confirm the actions of all person who held office as members of the Board of Directors.

The following motion will be proposed as Resolution No.3: That the actions of all persons who held office as members of the Board of Directors of the company during the year ended 31 December 1994 be and they are

5. To elect an additional director and to re-elect those directors of the company retiring in accordance with the Articles of Association and regulations passed

The following motion will be proposed as Resolution No.4:

That Mr O. K. Matambo be elected and that Mr E. P. Gush, Mr L. A. Lincoln, Str Philip Oppenheimer and Mr G. W. H. Relly be re-elected as members of the Board of Directors of the company for a period of four years, until the conclusion of the Annual General Meeting to be held in 1999.

5. To re-elect Deloitte Pirm Goldby GmbH as the Auditors and Group Auditors respectively of the company.

The following motion will be proposed as Resolution No.5:

That Deloitte Pfm Goldby GmbH be and are hereby re-elected as the Auditors and Group Auditors respectively of the company for a period of one year, until the conclusion of the Annual General Meeting to be held in 1996.

7. To approve an amendment to Article 5, paragraph 5 of the Articles of Association (to renew the authority granted to the Board of Directors to Increase the share capital of the company for a further two years). The following motion will be proposed as Resolution No. &:

That Article 5, paragraph 5 of the Articles of Association of the company be amended by the deletion of the date "May 11, 1995", and the insertion of the date "May 9, 1997" so that paragraph 5 will read as follows:

'5 (5) On or before May 9, 1997, the Board of Directors may increase the share capital up to a maximum aggregate amount of 6Fr.79,589,000.— by issuing up to 397,945 registered shares, which shall be fully paid-up, with a nominal value of SFr.200.— per share. Increases by underwriting as well as partial increases are permitted. After their acquisition, the newly issued registered shares shall be subject to the transfer limitations foreseen in article 5 of the Articles of Association. In each case the Board of Directors shall determine the issue price, the date for entitlement to dividends and the type of contribution.

To approve an amendment to Article 20, paragraph 1 of the Articles of Association of the company. The following motion will be proposed as Resolution No. 7:

That Article 20 of the Articles of Association of the company be amended by the deletion of existing paragraph 1 and the substitution therefor of the following

"20(1) The Chaliman of the Board of Directors or in his absence the Deputy Chairman convenes and presides over the Meetings of the Board. In the event that neither the Chairman nor Deputy Chairman is present to preside over any perticular Meeting of the Board then those directors present shall be entitled to elect a chairman from amongst their number to so preside over such meeting. Any Director may request the calling of a Meeting of the Board by giving written notice

The Report of the Directors (including the proposals of the directors relating to the allocation of balance sheet profits and declaration of a dividend), the annual financial statements of the company and of the group and the Auditors' and Group Auditors' reports will be posted to registered Centenary depositary receipt holders together with this Notice and will also be available to receipt holders at the Head Office of the company and at the offices of the Transfer Secretaines of the Depositary listed below.

Each Centenary depositary receipt holder is entitled to attend and to speak at the Annual General Meeting either in person or be represented by a duly authorised representative or proxy whose authority must be established to the satisfaction of the Depositary. Receipt holders wishing to attend the meeting by proxy may obtain forms of proxy from the Depositary or its Transfer Secretaries and proxy forms must be lodged with the Transfer Secretaries no later than 12:15 on Finday, 5 May 1995.

Proxies for deposited shares as contemplated in article 689d of the Swiss Code of Obligations are hereby requested to notify the Depositary by no later than 12:15 on Friday, 5 May 1995 of the amount (and kind) of Centenary depositary receipts they represent. Proxies for deposited shares are deemed to be those institutions which are subject to the Swiss Federal Act on Banks and Saving Banks of a November 1934 as well as professional asset managers. Each receipt holder is entitled to one vote in respect of each Centenary depositary receipt held. The votes attaching to the Centenary depositary receipt held. The votes attaching to the Centenary depositary receipts are not votes in respect of shares in De Beers Centenary AG but are instructions to the Depositary as to how it is required to exercise the votes in respect of De Beers

Centenary AG shares deposited with it and represented by the Centenary depositary receipts. Voting instructions must either be: (a) deposited with or received by the Depositary at the Depositary's registered office or at the offices of the Transfer Secretaries no later than 12:15 on Friday, 5 May 1995; or

(b) be delivered in person by the receipt holder or his said duly authorised representative or proxy to the Depositary at the meeting.

Holders of Centenary depositary receipts in registered form wishing to attend the meeting may be required to produce their Centenary depositary receipt certificates or sale custody receipt lesued by an approved bank at the meeting and to establish their identity to the satisfaction of the Depositary.

Holders of bearer Centenary depositary receipts who dealer to attend the Annual General Meeting or who wish to exercise their voting rights must comply with the conditions presently in force relating to the assue of bearer Centenary depositary receipts.

The register of receipt holders and the transfer registers will be closed from Tuesday, 2 May 1995 to Tuesday, 9 May 1995 both days inclusive.

Centenary Depositary AG, The Board of Directors Langensandstrasse 27 CH-6000 Luceme 14, Switzerland

Under the conditions of Issue of linked deferred share warrants to bearer and bearer Centenary depositary receipts referred to in the above notices holders thereof who desire to attend the General Meetings will require a certificate of lodgement which must be issued by the Depositary and/or De Bears Consolidated Mines Limited by no later than Wednesday 3 May 1995 in the case of the De Bears Centenary AG meeting and Monday 15 May 1995 in the case of the De Bears Consolidated Mines Limited meetings. Details of the procedure to be followed to obtain a certificate of lodgement, as well as copies of the said conditions and the necessary forms, may be obtained from the Depositary or De Bears Consolidated Mines Limited or their Transfer Secretaries or any of their Agents listed below. London Secretaries/Agent: Bardays Registrars Bourne House Angle American Corporation of South Africa Limited Consolidated Share Registrars Limited

First Poor, Edura 40 Commissioner Street Johannesburg 2001, South Africa (PO Box 61051, Marshalitown 2107) 34 Beckenham Road Beckenham, Kent Agents for De Bears and the Decositary: Banque Bruxelles Lambert Bardays Global Securities Services London Counter Services a Angel Count Throgmorton Street London EC2R 7HT

Bardays Bank PLC

Genérale de Banque Montagne du Parc 3 B-1000 Bruxelles

Swiss Bank Corporation Union Bank of Switzerland Paradeplatz 6 CH-8010 Zurich Bahnhofstrasse 45 CH-8021 Zurich

Crédit Suisse Paradeplatz 8 CH-8021 Zurich Banque Internationale à Luxembouro immeuble L'indépendance L-2953 Luxembourg-Ville, Luxembourg

China and Japan have added a franker He referred obliquely to a dispute in tone to previously cautious relations, with the visit to Japan of Mr Qiao Shi, the powerful chairman of the Standing Comminister, reminded his visitor of Japan's Japan's ruling three-party coalition over a adherence to the 1972 joint declaration, which established diplomatic ties between mittee of the National People's Congress.

Beijing, Tokyo strike frank note

Mr Qiao, seen as a pivotal figure in the the only legitimate government in China, post-Deng era, yesterday completed his eight-day visit, during which both sides a soothing reference to Taiwan. showed more than usual directness over

sensitive issues such as China's huge defence budget, the disputed Spratly islands, and Japan's internal political contents over the 50th anniversary of the Thilippines, Malaysia and Brunei. end of the second world war. His visit was low-key, at the invitation of parliament rather than the government, hoped for a peaceful resolution. and as such hardly remarked in the Japa-nese press. Yet it laid some of the ground-

to China, from May 2 to 6. Mr Yohei Kono, the Japanese foreign China and Japan and recognises Beijing as

Tomiichi Murayama's important first visit

However, Mr Murayama indicated discreet concern over the Spratty Islands. He asked Mr Qiao for a peaceful solution to the ownership disputes over this group of There was no change in China's claim over the Spratlys, said Mr Qiao, who also

proposal by Mr Murayama to issue an official apology for Japan's war record, embarrassingly blocked by the right wing of the LDP. Mr Qiao stressed the importance of "correctly acknowledging the past", but added that "China always takes a positive stance on historical issues"

views on security with other countries.

A direct yet cordial stance towards Beijing was first shown by a previous Tokyo government early last year, greeted at the time by Japanese officials as a mark of the maturity of their relationship. China has been irritated by increased

contacts between members of the ruling Liberal Democratic party and Taiwan but does not appear to have allowed this to

and as such hardly remarked in the Japa ... On the question of foreign concern over nese press. Yet it laid some of the ground china's defence spending, Mr Qiao said work for Japanese Socialist prime minister this was only a small share of the govern-hinder closer relations with Japan.

Japanese builders fined for collusion By Michiyo Nakamoto in Tokyo

Trade Japan's Fair Commission has imposed punitive surcharges totalling Y1.86bn (£13.9m) on 373 construction companies in Japan accused of rigging regional

construction bids.

The number of companies fined is a record for Japan's FTC. The total amount is the largest it has levied in connection with dango, or collusive bid rigging practices, and the third-largest amount for any surcharge by the FTC.

The move highlights the avoid excessive competition extent bid rigging has been

ularly in the construction industry, where many companies - from small operations of just a few people to those with thousands of employees - have shared the benefits of public

contracts among themselves. In cases of dango, construction companies involved exchange information through industry groups and jointly determine the successful bid-ders for a project, as well as the bidding price. Japanese construction companies claim the system enables them to

commonplace in Japan, partic- share public works projects. Japan's designated bidding system, which allows only designated companies to bid for certain public works projects, keeps the market closed and tightly controlled, making the practice of dango easier to sus-

In spite of the problems and the high costs to the poblic purse of the dango system, it has also been appreciated by Japanese bureaucrats, who have recognised that dango has saved them the trouble of making their own decisions about successful bids.

struction companies are accused of colluding to rig bids involving public works contracts in Yamanashi prefecture, north-west of Tokyo. This is the political base of Mr Shin Kanemaru, a former "kingmaker" of the Liberal Democratic party, who was arrested two years ago on allegations of

The Japanese authorities aware of the international criticism surrounding cases of bid rigging, have agreed to introduce practices - such as a more open bidding system - to comply more with international standards.

In the latest case, the conand to ensure all members **CONTRACTS & TENDERS**



The Croatian Privatisation Fund

hererby announces the sale of 24.90 percent of the equity of

PLIVA d.d. pharmaceutical company

at an auction to take place on 8 May 1995 at the Zagreb Stock Exchange, Ksaver 208, Zagreb, Croatia.

Total equity is estimated at 701 million German marks. The current ownership structure is as follows: 58.48% is owned by the Privatization Fund, two pension funds own 29.76% of the equity, while the employees own 11% of the stock.

Pliva, founded in 1921, is Croatia's leading pharmaceutical company. It produces a bulk substance azithromycin which is used for a new generation antibiotic marketed under the name of Sumamed.

Buyers will be required to pay in public debt bonds for frozen foreign exchange deposits available at a discount from Croatian banks and brokerage firms. All the addresses can be obtained from the Zagreb Stock Exchange.

For further information please contact: The Croatian Privatisation Fund

Exchange Mr Ivica Boltuzic Sales and Investors Relations Dept. Gajeva 30a 41000 Zagreb Croatia Phone: +385 1 469 111

Fax: +385 1 469 136

The Zagreb Stock

Ksaver 208 41000 Zagreb Croatia Phone: +385 1 428 455 Fax: +385 1 420 293

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POLSKI BANK ROZWOJU S.A. POLISH DEVELOPMENT BANK

The Board of Directors of the Polski Bank Rozwoju S.A. - Polish Development Bank in Warsaw

hereby announces that

pursuant to article 393 §1 of the Commercial Code and paragraph 28 section 2 of the Bank's Articles of Association, it will convene a Shareholders' Meeting on 9th May 1995, 3.00p.m.

The Shareholders' Meeting shall take place in Warsaw, Plac Trzech Krzyży No.5, in the building of the Central Planning Office ("Centralny Urzad Planowania"), in the cinema hall "POD KOPUŁĄ" (entrance at the corner of ul. Hoza and ul. Wspólna).

The agenda of the Shareholders' Meeting shall be as follows:

- 1) Opening of the Meeting and election of the Chairman of the Meeting,
- 2) Confirmation of the validity of the Meeting,
- 3) Approval of the agenda,
- Approval of a resolution accepting the Rules of the Shareholders' Meeting.
- 5) Election of the Ballots Committee,
- 6) Consideration of the Board of Directors' report on the activities of the Company, of the report of the Supervisory Board of the Bank, as well as of the balance sheet and the profit and loss statement for 1994.
- 7) Approval of resolutions with relation to the following issues:
 - approval of the report of the Bank's Supervisory Board concerning the audited balance sheet, the audited profit and loss statement for 1994 and the proposals of the Board of Directors on allocation of profit.
 - approval of the Board of Director's report, of the balance sheet and the profit and loss statement for 1994.
 - allocation of the 1994 profit.
 - granting approval of the manner in which the Board of Directors and the Supervisory Board performed their duties,
- 8) election of the Bank's third Supervisory Board,
- Closure of the Meeting.

The Board of Directors of Polish Development Bank S.A. hereby informs, that pursuant to article 399§ 2 of the Commercial Code the right to participate in the Shareholders' Meeting is vested in the owner of bearer shares, provided that at least one week before the date of the Shareholders' Meeting they submit, at the seat of the Bank either a deposit certificate issued by a Broker's Office ("Biuro Maklerskie") or an attestation of the Broker's Office with which they have an investment account such attestation specifying the number of shares they own and containing a clause that their investment account shall remain blocked from the moment of issuing such attestation till the closure of the Shareholders' Meeting.

Instead of the deposit certificates, shareholders may submit an attestation that they deposited the deposit certificate with a bank or a notary public, such attestation specifying the number of shares they own and a clause that the deposit certificate will not be returned before the closure of the Shareholder's Meeting.

The deposit certificates or attestation shall be submitted to the office of the Bank in Warsaw at ul Koszykowa 54 (IPC Business Centre, Information bureau, ground floor, entrance from ut. Poznanska), from 24 April till 2 May 1995, between 9.00 a.m. and 4.00 p.m.

In accordance with article 400§ 1 of the Commercial Code the list of shareholders entitled to participate in the Shareholders' Meeting will be available for inspection at the premises of the Bank in Warsaw, ul. Koszykowa 54 (IPC Business Center, Information bureau, ground floor, entrance from ul. Poznanska), on the three business days preceding the Shareholders' Meeting. Copies of the Board of Directors' report, the balance sheet, the profit and loss statement, the report of the Bank's Supervisory Board and copies of the report of the ebartered accountant shall be available and delivered to the Shareholders upon request, in the Bank's premises mentioned above, from 24 April till 8 May 1995 between 9.00 a.m. and 4.00 p.m.

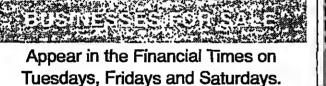
The shareholders may participate in the Shareholders' Meeting and vote either personally or by proxy. A proxy needs to be established by wrinen power of attorney in order to be valid. Representatives of legal persons shall submit an up-to-date excerpt from the appropriate registers, such excerpt specifying the persons entitled to represent those entitles. A person not specified in the above-mentioned excerpt needs to produce a written power of attorney.

Co-owners of shares must appoint in writing a common representative entitled to participate in the Shareholders' Meeting.

The persons entitled to participate in the Shareholders' Meeting may obtain voting cards and register them at the entrance to the Shareholders' Meeting room between 1.00 p.m. and 3 p.m., on the day of the Shareholders' Meeting.

Board of Directors

of the Polski Bank Rozwoju S.A. - Polish Development Bank



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NEWS: ASIA-PACIFIC

Apec concern at currency instability

in Bali, Indonesia

Finance ministers from the 18 countries of the Asia Pacific Economic Co-operation forum have urged the international Monetary Fund to study foreign exchange market instability, which they fear could disrupt economic growth in the

The Apec finance ministers, meeting on the Indonesian island resort of Bali at the weekend, said member governments would be better placed to stave off currency speculation if they maintained stable economic policies.

US and Japanesa officials discussed the strength of the yen, which Mr Masayoshi Tak-

emura, Japan's finance minis-ter, said "does not reflect economic fundamentals". Other Asian governments were concerned at the impact of the yen's strength on their outstanding yen-denominated

Mr Robert Rubin, the US treasury secretary, made clear he was counting on Japan to introduce further measures to strengthen the dollar while the US dealt with its budget defi-

Mr Takemura indicated that

future measures would include

a supplementary budget for 1995 and various import promo-tion measures which should be announced within the next

month. The ministers apparently

economic stability".

Mr Takemura noted that in government-to-government contacts some Apec countries had expressed concern about the strong yen's effect on their debt burden. Indonesia, in particular, has about 40 percent of its debt in yen, while most export earnings are in dollars.

Apec ministers fell short of making specific recommendations on how to deal with the world's turbulent currency markets, but said they were enlisting the IMF to study the impact of exchange rate movements on trade and investment

in the Pacific basin region. . The study will be used to

agreed that longer-term growth depended on "domestic macro-next Apec finance ministers" meeting, tentatively scheduled to take place in Kyoto in

March next year. Ministers were careful not to comment on exchange rate policies of individual member countries - Indonesia's finance minister Mar'ie Muhammad said the meetings did not address which country was to blame for currency volatility.

After Mexico devalued its peso in Décember last year, several Asian currenclea, including the indonesian rapiah, the Philippines peso, and the Thai baht, came under sharp selling pressure, while share prices tumbled in their

The ministers recommended

that the IMF consider ways of improving its economic surveillance of countries and advised that capital markets be

made more transparent and regulations tightened.

An inaugural meeting of the informal Apec Financiers' Group also sought greater clarity in Asian financial markets Some 40 bankers attended the meeting, including executives from Bank of Tokyo, Goldman

Sachs International, Thailand's

Export-Import Bank and

Indonesia's Lippo Group. "One item we have recommended to the finance minis ters' meeting is the need to atreamline rules on financial. disclosures, which vary from country to country," one Asian; bank representative said.

Philippines minister quits over hanging

By Edward Luce in Manila

Mr Roberto Romulo, the Philippine foreign secretary, yesterday resigned, after President Fidel Ramos accepted his two-week-old offer to quit over the execution of a Filipina maid in Singapore.

Assuming responsibility for the failure of the Philippine government to prevent the hanging of Mrs Flor Contemplacion, convicted of double murder three years ago, Mr Romulo said he would carry the can for the government's perceived mishandling of the

"It is my desire that the country will be able to see the situation from a cooler and more objective perspective." said Mr Romulo at the resignation press conference in the

Malacanang presidential palace yesterday. "I hope that the partisan politics surrounding the Maga-Cootemplacion case will subside leaving in the hands of the government the decision necessary to place this issue behind us," he said.

Friends of the outgoing foreign minister said President Ramos had accepted Mr Romnlo's resignation for electoral reasons. With congressional and local polls soon, Mr Ramos is reportedly alarmed by the electoral damage which could still result from the affair.

Last week the Gancayco Commission, a presidential body set up to examine whether Singapore had given Ms Contemplacion a fair trial, accused the Singapore government of having tortured Ms Contemplacion to

The Commission also pointed the finger of blame at the Philippine foreign office, demanding the prosecution of nine Philippine officials for criminal negligence, including that of Alicia Ramos, who was suspended as ambassador to Singapore last week.

Opposition politicians have succeeded in making Ms Contemplacion a symbol of the 3m Filipinos who work overseas, often in poor conditions.

Portraying the executed maid as a "national heroine". politicians on the campaign trial repeatedly clamoured for the foreign secretary's dismissal

Ms Nieves Confessor, labour minister, has also tendered her resignation. President Ramos is still considering the offer.



Romulo: assumed responsibility for failure to prevent hanging a

In Singapore the government has said it is ready to re-open the Flor Contemplacion case if a neutral panel of experts con-cludes that the Filipina maid was innocent, adds Kieran Cooke in Kuala Lumpur.

Two Singapore pathologists

Della Maga, the Filipina maid said to have been murdered by Contemplacion.

Singapore also convicted her of killing a three-year-old Sinand three experts from the US gaporean boy.

are due in Manila soon to con-

duct a joint autopsy with local pathologists on the body of

Twenty years on from the Killing Fields

The shock remains but Cambodians would prefer

rate is now trailing off to about

under Pol Pot. This, they say,

and still in the business of kill-

ing fellow Cambodians. Today

than 10 per cent of Cambodian

guerrillas control more

Analysts have been at a loss

10 a month

Cambodia is too young to remember Pol Pot's Killing Fields. The other half are survivors. Most of them would prefer to forget. That is one reason why yesterday's 20th anniversary of the fall of Phnom Penh to the Khmer Rouge went unmarked. The other was that the Cambodians were too busy celehrating the Buddhist new year to notice. Those who did live through

the 44-month Khmer Rouge regime - simply known as the "Pol Pot time" - are either racked by memories of terrible physical and emotional suffering or hurdened with guilt. More than 1m Cambodians died of starvation, disease and overwork. Countless thousands were tortured to death or exe-

Even today it's unwise to question people too closely about what they did during those years. People know each other's secrets. They just don't talk about them.

Many members of today's government helonged to Pol Pot's conquering army 20 years ago, including Hun Sen, the second prime minister; the chairman of the National Assembly; the ministers of interior, justice and finance. In the security forces it's the same story. "I would prefer to look to the

"You'll find a lot of people with severe depression," be says. "A lot of alcoholism, domestic violence, all kinds of social problems directly related to psychological problems people have in coping with their loss over 20 years."

Cambodia is also still suffer-

to forget the Pol Pot era, writes Jonathan Miller future," says Prince Norodom ing from the social upheaval Pol Pot's army is a dying force, that resulted from Pol Pot's decision to evacuate the cities

Ranariddh, first deputy prime minister. "I don't believe we can completely forget the genoand transform the country into a rural workcamp. Thousands of Cambodians cidal regime of Mr Pol Pot, but the Cambodian people have shown, through the democratic process, their will to recover ones. The tracing agency run ones. The tracing agency run by the International Commitfrom those sufferings. But the Cambodian nation tee of the Red Cross has put

has been so traumatised by its 20,000 Cambodians hack in violent recent past that many touch with each other over the observers believe it will take past five years, but the success many more years to recover. Mental illness is rife; post-traumatic stress disorder has been diagnosed in large numbers of to explain what happened Cambodian refugees abroad. No studies have been conducted in Cambodia itself: was not inter-ethnic, inter-

there is only one qualified Khmer psychiatrist in the wbole country. Willem Van de Put is a psychiatrie anthropologist, who has worked in Bosnia and Rwanda. In Cambodia, he says, it's the norm to expect the symptoms of trauma.

territory and wreak havoc in But Prince Ranariddh says reduced to banditry, its ideology gone: "What happened 20 years ago cannot happen again. The Khmer Rouge of 1995 are very isolated, morally, politically, from within Cambodia. The Khmer Rouge are not any more a threat to the Cambodian people."

Many analysts agree that the movement does appear to have been significantly weakened in to cope on its own. recent months - economically. politically, and militarily. But the civil war continues to drain government resources.

was not Hitler killing Jews; it he more money they spend on defence," says tribal or sectarian hatred gone the director of one formad. This was Cambodians eign aid agency, "the less there killing Cambodians. "Even as a is to invest in rural develop-Cambodian I do not have a real ment, which is where it is needed most. Even top military answer," says Prince Ranarcommanders concede that rais-Neither has Cambodia found ing the living standards of an answer to its civil war. Two rural peasants is the key to decades on from Year Zero, the ending the war. Khmer Rouge is still around

Much to everyone's relief, the Khmer Rouge also failed to mark yesterday's anniversary. An anticipated surge in rebel activity did not materialise. No grenades were lobbed on to the terraces of the five-star Cambodiana Hotel, where tourists

EF

and business people were sunning themselves, waiting out the end of the new year celehrations. The government claims the

inflow of investors' dollars and millions more in aid money is evidence that the world is for-getting about Pol Pot and voting for a new, prosperous Cambodia.

One day, however, the foreign aid on which Cambodia relies will begin to dry up, a fact recognised by the government. Some fear what might happen to Cambodia if it is left

Craig Etcheson is the manager of the Cambodia Genocide Commission, co-ordinated by Yale University and funded by the US state department. He believes a number of scenarios would allow history to repeat. itself. "Perhans the most likely . one is that the government would fail to consolidate its power, fail to achieve significant economic progress where the majority of Cambodians live - in the countryside - and fail to defend human rights."

he says. "Over the course of several years or more, if these problems were not resolved it is possible that the Khmer Renge would begin to be seen again as an attractive alternative. Cambodians prefer not to discuss such ideas.















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EL NOTICE OF STOCKHOLDERS' MEETING

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olders are called to an Ordinary and Extraordinary General Me to be held at the Company's registered offices. Via Postumia 85, Ponte di Piave (Treviso), Italy, on April 28, 1995, at 3 p.m. or, in second callings on May 12,1995 at the same place and time.

ORDINARY MEETING

1) Receive the Report of the Board of Directors on operation Receive the Report of the Board of Statutory Auditors;

Receive the financial statements as of December 31, 1994 Related resolutions:

Appointment of a Director:

Appointment of independent auditors for the three years 1996-1998. EXTRAORDINARY MEETING

Amendment of the Objects and Article 3 of the Articles of Assection Amendment of Article 5 of the Articles of Association. In order to participate at the Meeting, Stockholders must deposit th

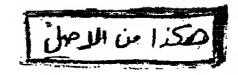
d offices or with one of the banks listed below. Banca Commerciale Italiana, Credito Italiano, Banca di Roma, Ambrosiano Veneto, Banca Populare di Asolo e Montebelli Banca Popolare di Verona, Cassa di Risparmio di Udine e Popicame, Banca Popolare Praladria, Banca Nazionale del Lavoro, Benco di Napoli, Monte de Paschi di Siena, Banco di Sicilia, Banca Amoniana, Morgan Gui Company, Girozentrale und Bank der Osterreichischen Spr

s, within the legally prescribed time limit, either at the Consoning

Erre S.p.A., Monte Titoli S.p.A. in relation to the shares it ad-Ponte di Piave, Italy, March 30, 1995

The Board of Director

GIUSEPPE STEFANIEL



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NEWS: UK

Abbey plans relaunch of bank account

Abhey National, the home loans and banking group, is to relaunch its current account as part of a drive to hoost its income outside its traditional

The move, due next month, will see the replacement of the two personal accounts that Abbey offers - the current account and the high interest cheque account - with a single current account.

A credit card will be introduced later in the year, as will a 24-hour telephone hanking operation to complement the branch service.

At present Abbey has 15m current accounts, but only about one-third of these are the primary accounts into which

salaries are paid. While the move will be an important element in Abbey's ability to achieve its target of getting 40 per cent of its earnings from non-traditional sources by 1997, the bank is also developing other operations.

it expects soon to have per-mission from the Bank of England to distribute its own cash instead of huying it from third parties, and is huilding a "cash centre" in Essex to deal with this operation. This is expected to become operational in the first half of next year.

Abbey, the fourth largest UK high street bank, also aims to develop its financial services husiness, partly through huilding on the acquisition in February of Pegasus, a healthcare

company, by Scottish Mutual, the hank's subsidiary which sells financial services through

independent advisers.

The intention is that the Pegasus expertise should be used not only in devising policies to be sold through independent advisers, but also in developing healthcare products which can be sold from next year through Abbey . National

Mr Peter Birch, Abbey chief executive, said that the purchase of Pegasus came as the bank identified products such as critical illness policies as a fast-growing market, "Peg will gain us two years in developing Abbey National healthcare." he said.

The plans by Halifax, the UK's largest mortgage lender, to merge with Leeds Permanent this spring and snbsequently to convert to a bank have focused attention on the use Abbey has made of its time since 1989 when it became the first society to float

Virtually all of its profits came from traditional activities, hat hy last year, the organisation's treasury and life insurance operations contributed almost one-quarter of the

£932m pre-tax profits. Even so, Abbey has had a poor record of selling a range of products to each of its 10m customers. It is developing a better system of assessing its relationship with customers, which should enable it to target specific products at the parts of its customer base most likely to be receptive.

Hoechst in fight over tax levy tion falls foul of the double-tax treaty between the UK and

The PIA will momitor the

Even though the joint state-

ing potential victims.

Verdict closer on mis-sold pensions

By Alison Smith

The views of City regulators on disciplining life insurance companies and independent financial advisers which gave poor personal pensions advice should soon be known.

A joint statement on discipline, which could be published this mouth, is expected to highlight the priority that regulators attach to ensuring that investors who have suffered from poor advice are properly compensated.

It is likely to say that the co-operation of a life company, bank or independent adviser in providing compensation will be an important factor in deciding whether any disciplinary action should be

But although the statement has been agreed by two regulators which had previously differed on their approach to dis-cipline, its wording is broad enough to allow different approaches to be taken.

The scope for flexibility lies in the statement's general ref-erence to assessing whether a company's arrangements for complying with regulation

Imro, the self-regulating organisation for the fund management industry, has been aeen as taking a tongher stance on the issue than the Personal Investment Authority, the main watchdog to protect the private investor. Only about 20 of the compa-

mes regulated by Imro were beavily involved in personal pensions business, and the regulator is keen to maintain a consistent disciplinary policy across all the areas it covers. By contrast, a large majority

of PIA member companies sold personal pensions. A pilot study suggested that there was a widespread failure to meet regulators' requirements in selling personal pensions to people transferring or opting out of an occupational scheme. But the PIA is thought to want to focus on the most serious

way in which all retail financial services companies including those formerly regulated by Imro - are approaching the task of providing redress. It will share information which might be relevant to disciplinary proceeding

ment should calm some of the criticism of the existing twotier regulatory system in which responsibilities are divided, it is unlikely to silence it altogether. Imro is much further ahead

than the PIA in investigating the personal pensions husiness of some of its members, and some of those companies it used to regulate believe that this timing is itself unfair.
The PIA is also likely to

publish the first part of detailed guidance about the pensions review process, which will deal with identify-

Aluminium price rises force beverage producers to reconsider their packaging

Soft drinks industry warms to steel cans



British Steel Tinplate says its development centre in south Wales has helped improve steel's image

A hig rise in the price of canstock, the aluminium used to make heverage cans, is prompting soft drinks producers to consider switching back to tinplate, the steel used in

canmaking.

Producers of tinplate, dominated in the UK hy British Steel Tinplate, hope the divergence in price between their product and canstock might persuade the drinks industry to revert to steel or increase their use of it.

Tinplate - 99.75 per cent steel - dominates the market for food cans. But only about 20 per cent of the 8.2bm soft drink and beer cans used in the UK last year were made of steel, and most of those had aluminium eods.

Canstock prices have risen ahout 20 per cent this year, compared with between 6 per cent and 8 per cent for timplate. Some tinplate producers kept price rises relatively low to avoid conceding further mar-

The battle between producers of the two metals is one of the most cootentious in the packaging industry, Issues such as recycling, appearance, weight and durability are the ingredients of a propaganda war, but cost remains the overriding factor in soft drink prodncers' decisions on what materials to use.

Steel and aluminium producers are waiting for a decision hy Coca-Cola & Schweppes Beverages, the UK's largest soft drinks bottling and canning company, on a possible switch back to steel. Two years ago, it moved to 100 per cent use of aluminium.

Coca-Cola said last week that the company's decision then had been taken for purely comreserved the right to revert to steel. The situation was under review hut no decision had yet been taken.

Mr John May, British Steel Tinplate's marketing manager, said the "huge" price rises in aluminium were the "primary stimulant" for soft drink producers to consider reverting to

Bowever he said steel's other advantages were also becoming a factor, adding that innovations such as British Steel's "Ultimate Can" programme -which had reduced the weight of the average 33cl can body hy 30 per cent over the past three years - were beginning to bear

Mr Nick Mason, of the CRU metals consultancy, warned that switching materials was a "tricky decision" for can users He said: "To make the switch worthwhile, they would need to be confident that the divergence in price will persist for a couple of years."

Predicting canstock prices could also be difficult because of price volatility in aluminium, and the seasonality of the soft drinks market added logistical complications. Mr Mason believes a significant switch to steel is unlikely before the end of the year. Technically, a decision to

switch would be much easier for canfillers than the canmakers which supply them. But both canmaking and handling machinery would have to be out of use for adjustments. which would have implications for canmakers and their cus-

The important decisions however, are taken not by the canmakers but by the drinks industry, which is where the steel and aluminium producers concentrate their marketing.

Hoechst, the German Germany. chemicals group, has chal-lenged the right of the UK authorities to levy advance corporation tax on dividends paid by its British subsidiary.

If its claim is successful. other European Union companies - especially German ones millions of pounds.

By Simon London

Hoechst claims that UK legislation which governs payment of ACT breaches both EU law and bilateral tax agreements with Germany. .

The 1988 Income & Corporation Taxes Act exempts from ACT dividends paid between UK companies which are part of the same group. However ACT is levied on dividends paid to overseas parent compa-

The German company argues that this hreaches EU laws designed to prevent discrimination on the grounds of nationality. It also says the legisla-

Hoechst said yesterday: "Our basic argument is that had we been a UK company, payments of ACT would not have been

Tax experts said the case could be the most serious challenge by an overseas company could demand repayment of to the system of advance ACT running into bundreds of corporation tax since Union Texas, the US oil company, lost a High Court claim for repayment of £23m ACT in

> The Union Texas case, which turned on interpretation of the UK-US double-tax treaty, could have opened the way to claims from other US companies amounting to £1bn.

> Tax treatles with most of the UK's big trading partners, now include provisions for partial repayment of ACT to overseas parent companies. However, the agreement

with Germany dates back to 1964, almost a decade before ACT was introduced.

Wake up to what's Lurope.

CONTRACTS & TENDERS

REPUBLIC OF GHANA **Volta River Authority** Takoradi Thermai Power Project Invitation to Bid

Contract TK-6C: Aboadze-Prestea Transmission Project Contract TK-6D: Akosombo- Tafo Transmission Project

ublic of Ghana has received a loan from the Arab Bank fo Economic Development in Africa (BADEA) and has also applied for a loan from Netherlands Development Finance Company (FIGO) towards the inancing of the Takoradi Thermal Power Project, and it is intended that part of the property of these loans will be applied to the part of the part if the proceeds of these Loans will be applied to the payments of the foreign ast of the contracts for which this invitation to bid is issued.

. The Volta River Authority now invites sealed bids from eligible bidders for lities or both of the following works.

(i) Contract TK-SC : Design, Manufacture, Supply Erection and sioning of about 74 km of 161kV Transmission Line from Aboadze to Preste

Modification of Prestea Substation for Work Associated with Aboadze - Prestea Line. -

(iii) Contract TK-6D : Design, Manufacture, Supply Erection and commissioning of about 61 km of 161 kV Transmission Line from Akosombo to Tafo

> : Modification of Akosombo Substation for Work Associated with Akosombo - Tafo

Bidding documents will be available for sale to interested eligible bidder Bidding documents will be available for sale to interested eligible bidders from the address below from April 25, 1995, upon payment of a non-refundable fee of US\$500 per set, or US\$500 per set if the documents are to be sent by courier. Acres international Ltd. will promptly dispatch the on sent by counter. Acres naternational Ltd. will promptly dispatch the documents by registered air mail to prospective bidders but will have no liability or responsibility for late delivery or loss of the documents so mailed. Hability or responsibility for late derivery or joss of the documents so maked. The closing data for receipt of bids will be specified in the bidding documents. Bids received on or before the appointed closing data will be opened in the presence of bidders or their representatives at the Head Office. of VRA in Acore, Ghana.

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US auditor admits limits on Sinn Féin

By Jimmy Burns in London

A leading accountancy firm which is auditing Sinn Fein's fund-raising efforts in the US has admitted that it will he unable to monitor the ultimate destination of the money if it is sent to another country. Sinn Féin is the political wing of the Irish Republican Army.

Mr Richard Elsler, a manag-ing partner of the New York firm Richard Eisler & Co, said last week: "Our assignment covers the receipt of funds and their disbursement in the US. In practical terms we have no control over the money if it goes outside the US."

The admission may renew concern about the possibility of funds raised by Sinn Féin in the US being diverted to the

It has emerged that the New York accountancy firm signed an initial \$15,000 contract with Sinn Féin last month. Earlier

Mr Gerry Adams, president of Sinn Féin, claimed on Sunday that Britain was seeking a victory in Northern Ireland by subverting the peace process. He was speaking at a ceremony in Dublin, capital of the Republic of Ireland, to mark the 79th anniversary of the Easter Rising against British rule. Mr Adams stepped up his attack on "Britain's refusal to accept the rights of Sinn Fein voters". Sinn Fein is the political wing of the Irish Republican Army.

Mr Adams said that more than half a year after the IRA's ceasefire declaration "the British Government refuses to accord Sinn Féin the same rights, the same equality and respect which all other parties, including the loyalist [anti-nationalist] groups which have no elec-

He told about 1,000 supporters at the republi-can plot in Dublin's Glasnevin cemetery: "If the British refuse to listen to reasoned and reason-

Waterhouse denied reports that it had taken on the account in spite of holding talks with representatives of

During his recent visit to the
US Mr John Major, the British

The appointment of one of
the top six New York accoun-

able argument, then let them listen to the sound of marching feet and angry voices. For 25 years, the British failed to defeat the republican struggle. They are now seeking a victory by subverting the peace process."

Two men and a woman were being ques-

tioned by police in Northern Ireland yesterday after police seized nearly 40 loyalist paramilitary guns at a house near Belfast, capital city of the British province. One man had been trailed from his home in northern England. Several British newspapers said yesterday that the man was understood to hold a senior post at a Royal Ordnance munitions factory in England. Up to 40 rifles, revolvers, and machineguns, some home-made, others dating back to World War One, and a few smuggled from England where they had been deactivated, were discovered under floorboards and in the attic of a house in Northern Ireland, said police.

> tancy firms to monitor Friends of Sinn Fein - the latest organisation to be set up in the US on behalf of Ireland's republican movement - is thought to have been one of the condi

administration hefore it relaxed its restrictions on fund

The other conditions include preventing the money being used in aupport of terrorist activities and that fundraising groups should register with the US Department of Justice, which Sinn Féin agreed to.

Mr Elsler described his firm's contract as "an unusual situation" because of Sinn Féin's links with the IRA. However, he said he believed he was serving US foreign policy by agreeing to monitor the Mr Eisler said: "Obviously if

I knew that the money was going to be used in any illegal way I wouldn't want to be part of this exercise. Nothing has been brought to my attention which suggests that the money

will be used in an illegal way."
Mr Richard Harvey, a lawyer
representing Friends of Sinn
Fein in New York, said funds

raised in the US would be used to open and run new offices and in organising an effective lobby. He said that if any funds left the US they would be audited by accountants working for Sinn Fein in Dublin.

Friends of Sinn Fein denies that it is a vehicle through which the IRA can raise

Mr Harvey said Friends of Sinn Féhn had raised more than \$70,000 as a result of the recent visit to the US of Mr Gerry Adams, the Sinn Fein

The supporters' group is planning a lecture tour of US universities by Mr Adams in the autumn to boost funds. Mr Harvey estimated that Mr Adams could expect to be paid at least \$10,000 a lecture.

The IRS has yet to consider a request by Friends of Sinn Fein that as a non-profit organisation its funds should not be

Spending

power of

is reduced

Children suffered a 3 per cent drop in their average weekly incomes over the past year,

leaving them with an average weekly total income of £4.18

(\$6.68) in pocket money, hand-outs from relatives and earn-

Girls' incomes have outstrip-

ped boys' for the first time in five years, while Scottish chil-

dren, with an average weekly

income of £4.84, are the most

affluent in the UK, according

to the Wall's Ice Cream annua

pocket money survey, pub-

The main reason for the

overall drop in incomes is the significant decrease in chil-

dren's earnings from small

jobs. The Wall's report finds

children are either getting

paid less or finding it more difficult to get odd jobs to boost

their spending money, with earnings from Saturday jobs,

paper rounds etc falling dra-

matically this year by 22 per

cent". The decrease is the larg-

est since the survey began 21

Boys earn an average of 95p

a week from small jobs, com-

pared with S1p by girls, but

girls get larger handouts from

friends and relations - £1.35 a week, while boys get just 96p.

Boys are slightly ahead on

pocket money, receiving \$2.06,

compared with girls \$2.05.

ings from small jobs.

lished today.

years ago.

Marketing Correspondent

children

UK NEWS DIGEST

Police issue warning to calf trade protestors

Police warned that they will take a tough line with demonstrators protesting against live animal exports today when the first shipment of sheep and veal calves since Easter is due to be loaded at the port of Brightlingsea in eastern England Police said they would enforce the 1986 Public Order Act, which carries the threat of prices contends the port of the same and the police said they would enforce the 1986 Public Order. Act, which carries the threat of prison sentences, because the cost of policing the demonstrations was leaving the rest of the county of Essex short of cover. The protest group Brightling sea Against Live Exports – which is dishanding to prevent leaders being targeted by police – said the protests would

Mr Geoffrey Markham, assistant chief constable of Esse mr Geonrey Markham, assistant chief constable of Esser, told Brightlingsea residents that non-availability of police resources elsewhere "can be placed directly at the door of demonstrations in Brightlingsea". He added: "Without obstruction of the highway, significant police resources would not be deployed in your town on a daily tasis," PA News

Growth predicted for N Wales

The north Wales and Cheshire area may be heading for a period of strong growth, say economists at Liverpool University led by Professor Patrick Minford. Local gross domestic product is forecast to grow between 3.2 per cent and 4.1 per cent annually in Cheshire and the neighbouring Welsh coastal countries of Cheshire and the neighbouring Welsh coastal countries of Cheshire and the neighbouring welsh coastal counties of Clwyd and Gwynedd over the next three years. The latest work of the Liverpool Research Group in Macroeconomics predicts unemployment rates of 3.8 per cent in Cheshire and 4.4 per cent in Clwyd in 1998. The rate in Gwyneld is put at 6.2 per cent – down from 11.9 per cent now. Ian Hamilton Fazey, Northern Correspondent

Candidate rise for Labour

The opposition Labour party will field a record 1,599 more candidates than the governing Conservatives in the May elec-tions in municipal authorities, increasing the prospect of a crushing defeat for the Conservatives that would further inflame concern among backbench MPs about the leadership of Mr John Major. Labour officials said yesterday that 9,44 Labour candidates had registered by last week's deadline for nominations for the polls in England and Wales compared with 7,846 Conservatives and 7,249 for the centrist Liberal

Democrat party.

The figures reflect a dramatic turnround in Conservative morale since the last elections in 1991, when 8,641 Tories stood compared with 8,602 Labour candidates and 5,940 Liberal Democrats. One reason for the reduction in the Conservative total appears to be an increase in the number of independents. notably in eastern and western England. Labour officials said that many of them had formerly been elected as Conserva-

 The government's problems look set to multiply today as nine Conservative Euro-rebels meet to decide whether to oppose the introduction of a limited range of identity cards, expected to be proposed in this week. Some of the rebels believe that ID cards represent a step towards abolition of internal European Union frontiers in spite of assurances from Mr Michael Howard, the home secretary, that the government will maintain border controls. At the moment British citizens are not required to carry identification in their own country. Passports are required only by people who travel out of the UK. Kevin Brown, Political Correspondent

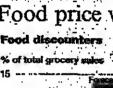
Food price war intensifies

Average pocket money has remained frozen at last year's When all three main sources of money are taken into account, plus small and irregular sums from elsewhere, girls get a total of £4.28 a week, up 5

per cent on last year. Boya get a total of \$4.08, which is 10 per cent less than a year ago. Children in Wales and the west of England, who receive an average of £3.25 from all sources, are the least well off: the north-west saw the largest decrease in income over the

year, a 26 per cent drop from £5.54 to £4.09. On pocket money alone, Wall's calculates that today's children are better off than children 20 years ago. This year's average weekly pocket money of £2.05 is 16 per cent higher, once inflation has been taken into account, than the 33p children received

in 1975. Children today are three times more likely than their parents were to save money. says Wall's, with 13 per cent of children now saying they save some of their money, compared



continue to fall because of pres-sure from discounters such as Kwik Save and Lo-Cost, retail analysts Verdict forecast in a report published today. Discount food retailers increased their floorspace by 20 per cent last the year before. From about 5 per cent of the food market in 1990, discounters are set to take

a market share of 14 per cent by 1998. Verdict forecasts, Growing competition in the discount sector itself means there are likely to be casualties and further rationalisation. Verdict says: The market cannot support the

Supermarket food prices will

current number of players going forward." It sees Co-op stores, Ed. Food Giant, and Dales as particularly vulnerable, but predicts that Aldi, Netto and Lidl will establish strong national networks. Dione Summers, Marketing Correspondent

Sunday closures ordered

Big stores across England and Wales were closed on Sunday for the first time on a Sunday after the liberalising of trading laws seven months ago. Easter Sunday trading by stores of more than 3,000 sq ft was banned under the Sunday Trading

Bill, introduced last year. The bill allowed trading on Sundays after widespread flouting by big stores of a long-standing ban.

Motor accessories chain Halfords opened its doors to customers but other hig superstores, including giants B&Q and Texas, and supermarket chain Asda were shut. It was Sunday business as usual, however, for shops in Scotland and Ireland.

Burglar and pursuer stranded

A policeman and his tracker dog had to be rescued by a Royal Air Force helicopter when they became stranded after chasing a burglar into the middle of a marsh. The burglar, who had run off after being disturbed by a householder, also had to be winched from the marsh near Camborne in south-west England. Unarmed police dog handler Kevin Quick had tracked the man across marshland and found his hiding place on a reed raft in the middle of the swamp. The officer, up to his chest in mud and water, managed to handcuff the man said a police spokesman. But he radioed for help when the man became "very unco-operative". PA News

tion to be the

oriei tui

Catamaran passengers injured in sea rescue

monitored carefully.

prime minister, sought reassur-

ances from the US administra-

tion that Sinn Féin's fund-rais-

ing activities would he

Seventeen people, mainly from Germany, were injured yesterday when 307 passengers had to be rescued from a high-speed catamaran which was holed 2km off Jersey, the largest of the Channel Islands betweeo England and France. The passengers, half of them German, had to abandon the French catamaran Saint Malo

about 15 minutes after she sailed from Jersey for the nearby island of Sark. More than 100 of the 307 passengers had to take to liferafts in waves up to more than Im high before being taken aboard

other vessels. The rescue operation took about an hour with most of the passengers stepping from the Saint Malo to another ferry with drew up alongside. Six of the injured were treated for broken limbs in hospital in St Helier, the Jersey capital.

The ferry's captain sent out a mayday distress signal and ordered the ship to be abandoned after she began to take in water in the portside hull. Jersey Harbour office spokes-man Mr Paul Mimmack said the rescue was orderly and not

as hazardous as it might

"Most managed to transfer without getting wet . . . It's not such a difficult operation. The catamaran has a low freeboard so the sea is only about two to three feet lower than

towed on to a beach, but it was not immediately clear what had caused the damage. Some reports said the ferry had hit a rock, others said it might have hit one of the floating logs reported at sea in recent days.



The high-speed catamaran Saint Malo is towed ashore after being holed near the island of Jersey between England and France

The Saint Malo is owned by the French company Channithe passenger decks," he said.
The Saint Malo was later hetween the Channel Islands and the French port of St Malo. hetween the Channel Islands Mr Michael Meacher, the British Labour party's shadow transport secretary, yesterday said he planned to raise in the House of Commons the question of whether operating

procedures for large high-

speed catamarans, a ship type introduce large SeaCats catawhich has been in use for only land and sails regularly a few years, should be tight-

He said yesterday: "Catamarans are faster than ferries, and there have been accidents elsewhere in the world. If you're going at that speed - 30 knots - it's potentially danger-

Stena Sealink is soon to

marans on the Irish Sea. Elsewhere, travel conditions

wee generally said to be quiet as travellers returned after the Easter weekend. Airports reported "normal" traffic, as many of those who left at the eod of last week had

Union of Women Teachers, the second-largest,

is affiliated to the TUC, but not to Labour. It

was formed as a hreakaway from the NUT in

opposition to its policy of equal pay for women.

and Lecturers, is traditionally very moderate,

and has only ever struck once – for one day in 1978. It is not affiliated to the TUC. Its member-

ship appears to have shifted to the left in recent

years, in part thanks to recruitment from the

other unions in response to the failure of their

The third union, the Association of Teachers

gone on one or two week holidays in the sun or on the ski slopes. An official at Gatwick

Airport, London's second-largest airport, said: "It's a total myth that Easter Monday is a traffic nightmare. Next weekend is our busiest for arriving

traffic."
Channel Tunnel trains were no husler than on normal working days, said European Passenger Services, the operator, adding that this meant trains were virtually full.

Minister looks to parents for support against disruption of their children's lessons

Teachers' unions will vote today on strike

By John Authers in Blackpool

Trade unions representing teachers will vote today on whether to hold a national strike over funding as Mrs Gillian Shephard, education secretary in the Conservative government, makes a final attempt to dissuade them from

The National Union of Teachers will vote on a national strike, while the smaller National Associatioo of Schoolmasters/Uoioo Women Teachers will be advised to refuse to teach large classes above an unspecified number, leaving any extra chil-

Mrs Shephard, who has made a series of speeches attempting to mollify the

The three teachers' unions of England and Wales are each taking a different strategy as they plan industrial action this summer. The strategies reflect widely differing cultures and

The National Union of Teachers is the largest and traditionally the most leftwing. The union is affiliated to the Labour party, which has made it a target for entryism by far-left organisations such as Militant and the Socialist Work-

The National Association of Schoolmasters/

aggressive stance and appealed to parents for support. She said: "Whether it's the national action the NUT are apparently contemplating, or whether it's the disruption of classes, the general public would certainly be alieoated."

lic see teaching as a well paid

traditions, John Authers writes.

unions, yesterday took a more and a pleasant joh. Teachers

She added: "The general pub-

risk getting themselves criticised as non-professionals if they go down this road of disrupting children's education." She addresses the NAS/UWT for the first today, becoming the first Conservative education secretary for almost a decade to address a union affiliated to the Trades Union Con-

industrial action of the 1980s. gress. Union leaders helieve they have lost public sympathy after Saturday's events at the David Blunkett, the opposition Labour party's shadow educa-

NUT conference where leftwing delegates mobbed Mr tion secretary. Mr Blunkett is

Mr Doug McAvoy, the NUT general secretary who opposes strike action hy his union, said the televised scenes were "a tremendous sethack" for the NUT. He said parents must have watched the television coverage with disbelief. The NASUWT executive

decided to recommend that memhers should hoycott "excessive" class sizes. They will not refuse to teach, but will exclude children on a rotating basis to keep class sizes at a manageable level.

Mr Nigel de Gruchy, NAS/ UWT general secretary, said the actioo would attempt to pinpoint the areas with the greatest funding shortages. He said: "We are not going on strike. We've got a chance of carrying parents on this kind of approach." He said the NUT conference had "degenerated into an awful irrelevance."

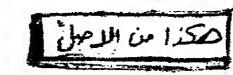
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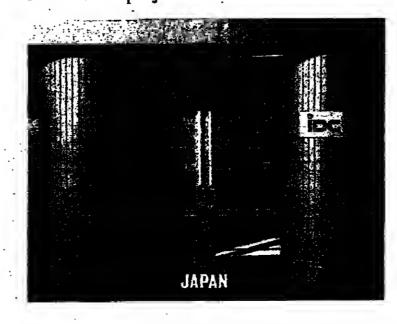
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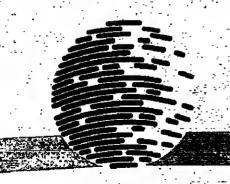
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Farmers use cheap land in Poland

British farmers are setting up business in Poland to exploit cheap local production costs and the growing demand from stern food processors in central Europe for agricultural

The first British farmers in Poland are being driven by the constraints of high UK land prices, the promise of high returns on agricultural investments in central Europe and the prospect of capital gains on land after Poland joins the European Union, probably next

Since last summer, UK farm-ers have undertaken to cultivate more than 2,000 hectares of fertile land for potatoes. sugarbeet and wheat, joining a handful of growers from Den-mark and the Netherlands already established in Poland.

The first British farm with a contract to produce for western food manufacturers in Poland was established just south of Gdansk last year by Mr Simon Laird and his brother Mark.

One of the brothers is based in Poland while the other stays et the other farm they run in Angus, Scotland. This month they agreed to buy the adja-cent farm in Poland as part of a joint venture with a Polish investor, extending their bolding to 1,000 hectares and marking the first British purchase

of land for agricultural use. Under Polish law, foreigners cannot buy farmland outright, but may invest as part of a joint venture - the first British-run farms are on land leased with an option to buy.

Mr Simon Laird said: "Farmers tend to be pretty unadventurous, but without real expansion opportunities in the UK. we believe we can compete with the best farming in Europe for a fraction of the

British farmers visited Poland

to examine opportunities to

invest in local agriculture. Mr

Tony Parr, a Suffolk potato

producer, is to start farming 1,200 hectares of leased land in Poland's fertile coastal region

The arithmetic of the Laird

investment explains the appeal of farming in Poland. They estimate that the price of land

in Poland is 15 per cent of its

equivalent in Britain. Labour

costs are lower and fertiliser and seed is marginally cheaper, making overall pro-

duction costs about 60 per cent

of what they would be in the

The brothers estimate a rate of return of around 30 per cent on an investment of nearly

£500,000. If the future gain on

land value is added in, assum-

ing Poland joins the EU, that return could be nearer 40 per

Mr Laird said: "There are

two elements to the invest-

ment - the pure farming busi-

ness, which on the best land

can produce even better yield

than the UK, and, in parallel

the gain on land as Poland

tural produce is volatile, because there are few support

prices, so the key to UK farm-

ers' investment has been con tracts for produce.

The Lairds have contracts with Pepsico, which makes

crisps in Poland, for 4,000

tonnes of potatoes, and with

Sugarpol, a joint venture with British Sugar, for 6,000 tonnes

of sugarbeet. These are both at prices understood to be mar-

ginally below the EU spot rate,

but well above the local level.

technologies is also expected to

drive profits. Mr Ian Johnson,

an agricultural consultant and

investor in the Parr farm, predicts its output will be 150 per

Introducing western farm

moves towards the EU." Poland's market for agricul-

in the north this summer.

Rich mix to turn city planning on its head Old-style policies are under fire in a fight to revitalise urban centres France, it is unusual for a pen-The government's campaign to halt the decline of Britain's

NEWS: UK

town and city centres threat ens to turn 50 years of planning policy on its head. Mr John Gummer, the environment secretary, recently

said he wanted to "re-establish mixed use development" as a way of revitalising urban cen-Since the second world war, planning authorities have gen-

erally tried to discourage mixed use development. Plans drawn up by local authorities have designated areas for particular uses. These zones provide a framework for economic

Mr William Walton, a lec-turer in planning at Aberdeen University, said: "Segregation of different types of land use is at the heart of planning."

The drawback with zoning is that towns and cities have lost diversity. Modern town centres based on retail buildings often compare poorly with medieval market towns which owe their character to a mix of shops, craft and residential premises. In particular, zoning has left modern town centres vulnerable to out-of-town shopping

developments because there is no urban population to support local traders. Mr Gummer is already discouraging out-of-town shopping centres through planning guidance issued to local authorities. His emphasis on



Brindleyplace in Birmingham, which is one of the biggest urban renewal projects, will comprise a mix of shops, offices and houses

mixed use development is a lises to be located together and recognition that this is not enough to reverse urban

Opinion is moving in favour of mixed use development. In 1987, the government relaxed used by local authorities as the foundation for zoning. This was to allow offices, light industrial and research premencouraged the development of modern business parks.

Councils such as Glasgow have promoted diversity within the city centre by demanding a high proportion of residential development. Brindleyplace in Birmingham, one of the UK's biggest urban offices, retail and housing.

Specialists such as Mr Mike Appleton, development director of English Partnerships, an urban regeneration agency, would welcome the chance to have more mixed use developments. "Adding high value office or retail units can pay for decontamination of a site or infrastructure, improve-

lines do not actually prevent mixed use development where the idea, the biggest hurdles are probably financial. Investment institutions

would rather own an office than a mixed site, so raising private-sector finance for

As current planning guide-

sion fund or life insurance company to own residential property. Fund managers often view rented accommodation as difficult to manage and subject to government intervention.

Argent, the property company which is developing Brindleyplace, overcame the problem hy zoning the large 17-acre site. But few sites are big enough to allow this

approach.
The Urban Villages Forum is trying to encourage mixed use developments in their purest form - compact communities where people can live and

It has urged Mr Gummer to designate certain areas specifi-cally for urban village development, arguing that such a move would depress land values and make it attractive for developers to build high quality mixed use schemes.

Planning specialists think it is unlikely that Mr Gummer will make such a radical move, though many would like to see zoning relaxed.

Mr Alan Cave, president of the planning division of the Royal Institution for Chartered Surveyors, said: Many new high technology industries can co-exist much more easily with other land uses than older declining heavy industries."

Simon London

Gas regulator turns up heat on rules debate

She may have opset her fellow watchdogs by doing so, but the Watchdogs are attempt by Ms Clare Spottiswoode, the gas industry's regulator, to provoke wider discussion of regulatory reform addresses many important

The long-simmering debate over the powers of the regula-tors of the UK's privatised industries - mainly electricity. gas, water and telecommunications - is reaching a new pitch.

Much of this is due to the fury caused by last month's decision by Professor Stephen Littlechild, the electricity regulator, to reopen his price review just as the government was completing the £4bn sale of its remaining stake in PowerGen and National Power, the electricity generating com-

The ensuing fall in electricity share prices highlighted the huge power of the regulators, and their ability to cause controversy.

The central question is whether regulators have too much power, and exercise it in too personal a way, with inadequate disclosure and accountability.

The present set-np was designed to create powerful independent regulators insulated from political pressure. But there are increasing calls for curbs. Last year, Mr John Baker, chairman of National Power, suggested that a five-member tribunal would be more democratic. Other commore democratic. Other com-mentators have called for a single, unified regulator.

Ms Spottiswoode believes the main problem lies in the dis-cretion given to the regulator, and the difficulty of reaching fair decisions in issues which are usually complex and highly technical. She also feels that the terms of accountability are too fuzzy - to whom does the

The ideas she is airing would address these problems in several ways

First, they would create more balance in the appeals procedure. At the moment, only a regulated company has the right to appeal against a regulator's decision to the Monopolies and Mergers Commission. She has questioned whether this right should be extended to the government.

The objection to this - which Ms Spottiswoode's colleagues have been quick to seize on is that it would open the door

angry over the latest twist in the argument on their powers

to political interference. How-ever the proposal is not to allow the government to override the regulator, only to refer a decision to an independent

To help them make the right decisions, Ms Spottiswoode is suggesting that regulators should set up their own panels of advisers. There is nothing very startling in this idea: regulators can already seek advice from whoever they choose. But a more formalised sys-

tem would enable people to see what was going into regulatory decisions, many of which have to be based on commercially confidential information which would never be made public in any case

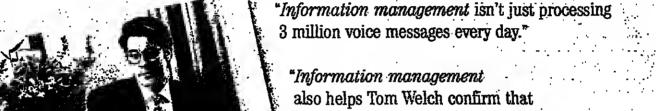
The third idea - that a committee of the House of Commons could play a more active role in overseeing the regulators - is not very novel either: committees in both houses of parliament already call the regulators to account. But the process is haphazard and so far their hearings have not led to stronger accountability.

Not surprisingly, perhaps, the ideas emanating from Ms Spottiswoode do not include a reshaping of the regulatory process such as the suggestions of a tribunal or unified

But perhaps the most stri-king point about Ms Spottis-woode's activity is thet a regulator should be trying to promote discussion about regu-lation. Her colleagues fear she is treading on dangerous ground, particularly in adver-tising the idea that govern-ment should be shield a green! ment should be able to appeal against regulatory decisions. They believe regulators should leave debate about regulation

to parliament. Ms Spottiswoode feels the regulators have a part to play in the debate, and if they do not speak up, the government will take action without considering their views. That could he bad for regulation, and for the consumers whom the watchdogs have to protect.

David Lascelles

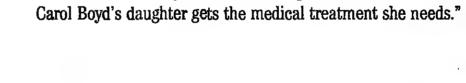


"Information management isn't just

the big deal went through."

"Information management also makes sure

processing over 10 million emergency phone calls a year."





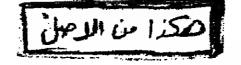
"Information management isn't just processing 10 billion cheques a year."

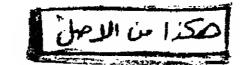
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FINANCIAL TIMES TUESDAY APRIL 18 1995 *

NEWS: UK

Activists try to parachute into weapons factory Greenpeace claim on plutonium is rejected

Protestors invade two nuclear plants

By Hugh Clayton In London

Anti-nuclear protestors yesterday broke into two nuclear plants and claimed to have disrupted work in both. The protests, timed to coincide with talks in New York on the nuclear Non-Proliferation Treaty, were organised by the environmental organisation Greenpeace. It said its two big demonstrations in England had been joined by members from mainland Europe, north America, Australia, New Zealand

and South Korea Police said there were 41 arrests in the British Nuclear Fuels reprocessing plant at Sel-lafield on the coast of north-west England after 100 unauthorised people bad entered the complex. The stateowned company rejected a claim by the protestors that they had halted output of plutonium. "I can tell you that we've got some Greenpeace people on site, but operations are continuing," said company official Mr Bill Anderton.

Meanwhile demonstrators

London where research has been conducted on nuclear weapons for more than 30 years. Aldermaston was a frequent focus for anti-nuclear protests during the cold war. Greenpeace claimed it had blocked with concrete a pipe which, it said, was used for discharging water from Aldermas-ton into the River Thames

about 20km away.

Police said three protestors had tried to parachute into Aldermaston, but none had managed to land inside the complex. The defence ministry in London said there had been a demonstration, but denied that a discharge pipe had been blocked. "I spoke to people at the base and they said it was imposable to concrete that particular pipe," said a ministry official

ing to do what the treaty had failed to do, which was to halt production of nuclear weapons and plutonium. Greenpeace official Ms Stepbanie Mills said: "Instead of getting rid of were attempting to land hy nuclear weapons, Aldermaston

is increasing production of warheads for the new Trident one of the world's biggest suppliers of plutonium. Greenpeace mounted its big-

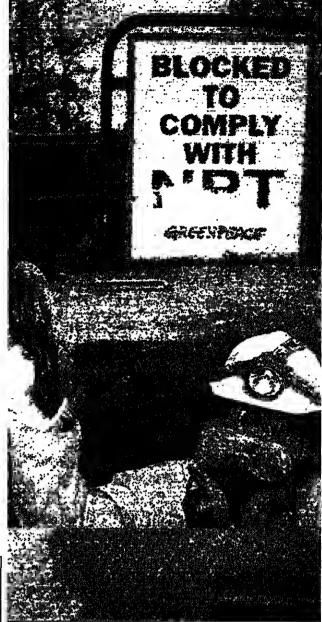
gest British protests at Sellafiald, where 20 campaigners blocked the road into the complex with a container with four people inside it. The group anchored its ship Moby Dick close to the complex's discharge Greenpeace claimed that the complex pumped high levels of radioactive waste into the Irish Sea.

members had halted produc-

tion of plutonium at the Thermal Oxide Reprocessing facility (Thorp) at Sellafield. But it was criticised by British Nuclear Fuels for linking Thorp with the non-proliferation talks. "Thorp is a civil reprocessing plant, and the uranium and plutonium recovered from its operations are a valuable energy source," said the company, "BNFL is totally committed to non-proliferation, and Thorp complies with all the agreed international safe-



While protestors co-ordinated by Greennesce invaded the Sellafield nuclear repro north-west England (above), another group claimed it had blocked a discharge pipe at a nuclear weapons research unit about 400km to the south (right). The demonstrations were timed to coincide with international talks in New York about the unclear Non-Proliferation Treaty



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Grunge is out as formal wear comes back in

Some tailors say there has been a change in spending priorities

Formal wear is back in fashioo according to some retailers of men's wear. Mr Roland Gee. managing director of the Moss Bros chain of tailors' shops, said: "Formal wear is in and smart suits are again fashionable. Grunge is out." His company has just announced an S1 per cent rise in annual profits

to £7.39m (\$11.8m). The idea of dressing up for special occasions and looking smarter in the office has pushed up sales of men's suits and increased the hire business after years of decline.

Retail sector analysts say that with the end of the recession, British men have begun to improve their wardrobes with the aim of looking smarter at work and at social events Mr Robert Snaith, an analyst at Société Générale Strauss Turnbull, said: "We are seeing a trend towards more formality which comes against a background of low inflation and modest growth. There seems to be a desire to look crisper and smarter."

Mr Malcolm Busby, manag-

ing director of Simpson Picca-

dilly, said underlying sales growth in men's suits and formal wear had been about 18 per cent compared with 7 per cent across the group as a whole. Next has seen a 20 per cent increase in underlying suit sales over the past year. Mr David Moss, director of having at Moss Bros, said better economic conditions had belped the suit market but added that last summer's hugely successful film, Four Weddings and a Funeral, also did much to promote the idea that formality can be fun. He believes that a small but

significant feature of Moss Bros's results was the growth of its hire business. The com-

pany claims to have about 40 per cent of the men's garment hire market.

The recovery ln smart clothes, however, is from a low base. Analysts say those companies, such as Moss Bros, Austin Reed, Marks and Spencer and Next, which bave stuck to selling suits are merely benefiting from the end of a decline in formal dress. Ma Peter Jones of brokers Peel Hunt said: "To say there is a long-term trend back towards formal wear is perhaps over-

stating things."
Mr David Jones, chief executive at Next, agrees: "There's been a reduction in the number of outlets offering formal wear rather than an increase in the number of customers.

Figures collected by TMS Partnership, a market research organisation, confirm this view hy showing only a slowdown in the decline of suit sales. Overall, the UK market was down by 1 per cent to £553m in the year to the end of February. Ready-made suit sales grew by 3 per cent to £516m and made to-measure suit sales were down 30 per cent to £37m.

On the basis of these figures, the traditional London bastion of formal wear is understandably less than impressed by the so-called new fashion. Mr Angus Cundey of Henry Poole said: "Savile Row is not burst-ing with orders. As far as we can see. Englishmen are spend ing less and less on high quality clothing."

More than half the orders at Henry Poole - where the average price-tag is £1,300 compared with £148 for ready-made suits - now come from countries other than the UK, particularly the US and France.

James Whittington

Companies receive phones reminder

Britisb Telecommunications, the former state utility, yesterday issued a reminder to companies which return to work today after the Easter break to check that telephones, computers and fax machines had been changed to accept new dialling

More than 4,000 customers telephoned a helpline on Easter Sunday, the first day of the new dialling codes, which for most areas involved inserting the number '1' after the first '0.' The cities of Leeds, Sheffield, Nottingham, Leicester and Bristol have been given new codes and the international dialling code for calls made from the UK has changed from 010 to 00.

A team of 60 operators will be in place this morning, and BT expects to deal with 700 calls an hour as industry

returns to normal working. Mr Alan Croft, BT's project man-Replacing the old codes with the new ones in phones and equipment which store telephone numbers should be the first job for anyone who did not make the change before

People who misdial are automatically switched to a recorded announcement advising them of the new codes, and the message will be kept on until any confusion

A BT official said: "We always knew that the big test will come on Tuesday when the volume of calls will he double those of yesterday and today. We are confident that our system can cater for anyone who continues to use the old codes."

MANAGEMENT: THE GROWING BUSINESS

James Buxton on the fortunes of two ambitious companies that have adopted alternative methods to raise much-needed capital

Expansion along Scottish routes Apart from that, says Anderson, a quotation "would subject us to

ision Group, a young company which produces miniature computer-based video cameras, has become a quoted company. Trading in its shares began on the London Stock Exchange last week after it raised £5m from institutions in a placing. It now has a market capitalisation

Flotation is an obvious choice for many ambitious companies in the UK and US. However, it is not the

only way. Soon cor npanies around the world will be invited to become a partner and stakeholder in Creos International, which makes power supplies for medical imaging equipment. It has concluded it can grow faster with a long-term partner than with a stock exchange quote.

Both companies are about five years old, based in Scotland and roughly the same size; they employ fewer than 50 people and sub-contract most of their manufacturing. Each has developed a unique technology making it a world leader in its field.

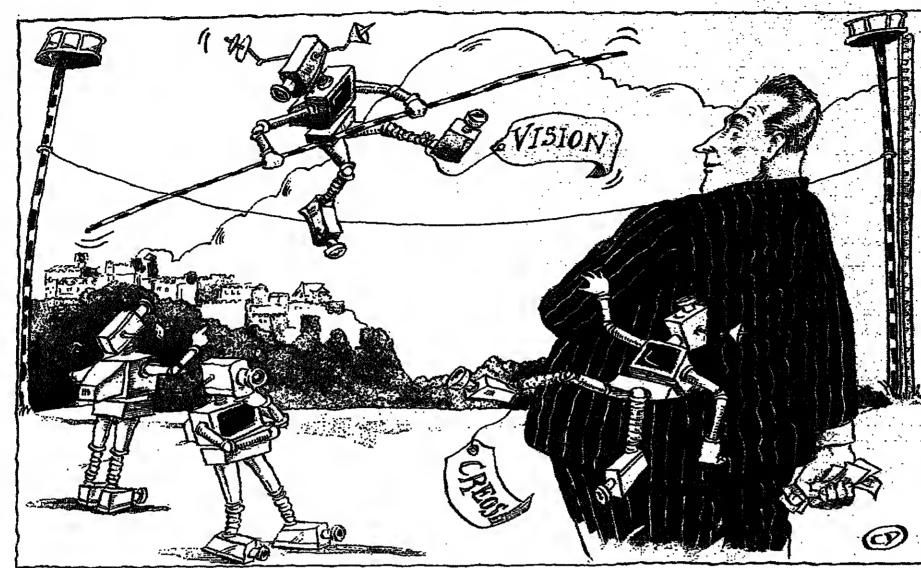
Vision Group's most recent product, the PC card camera, is the first commercially available miniature video camera that can capture and incorporate images directly on to a personal computer. An insurance assessor could use it to photograph a damaged car and add the picture

to his accident report on a laptop.
Vision also makes miniature cameras for industrial and domestic security applications, and a programmable smart camera for traffic monitoring, production line inspection and remote surveillance.

At their heart is a microchip on which, uniquely, the camera's sensor and its processor are integrated - the result of a conceptual breakthrough by Alan Denyer, a profes-sor at Edinburgh University, Vision's founder and managing director.

"The challenge is not to find markets but to keep pace with them." says Roy Warrender, Vision's commercial director. Vision is developing a product lor the children's toy market this Christmas. Other applications include baby mooitoring devices and video-conferencing vla

To assist Vision's growth. Don-nelly, a US motor industry components maker which dominates the market for rearview mirrors, took a minority stake in Vision in 1993: the



develop electronic imaging systems that could replace the car mirror. Donnelly is now Vision's higgest shareholder, with 31 per cent.

Denyer says the flotation, which involved placing under 17 per cent of Vision's enlarged capital, has provided funds to expand sales and marketing operations, and develop colour versioos of its products.

He says Vision, which lost 2638,000 on sales of 2813,000 in the six months to January 31, should become profitable by the end of 1996 ann should from then on finance its growth from sales.

"We are taking a conservative view of our prospects," be says.

"We don't envisage coming back to the stock market for more money though we would do so if we found a market opportunity that was really explosive."

Whereas Vision's ambitions cover a hewildering spectrum of possibilities, those of Creos are narrowly focused. It makes small generators which produce a brief, high-voltage charge to medical imaging equip-ment such as X-rays, so that they deliver the minimum dose of radiation to be effective but avoid the excess that could cause cancer.

"We are the Cosworth [high-performance car) of the medical imag-ing market," says Douglas Anderson, non-executive president, who helped assemble the team of US and Scottish technologists who lead Creos. Creos has raised all its finance from UK investors. It manufactures at two sites - Denver, Colorado, and Dalgety Bay in Fife.

Anderson claims Creos's technology is three to five years ahead of its competitors' and its products 10 times smaller. Although sales last year were only S7m (£4.6m) it now believes it is on the threshold of a significant expansion.

Already original equipment manufacturers (OEMs) in medical imaging equipment (such as General Electric of the US. Siemens, Philips. Hitachi and Toshiba) have created space for small companies such as Creos by outsourcing the manufacture of their key components. instead of producing them them-

But confirmation came last November at a medical imaging show in Chicago where Crees received nearly \$100m worth of order inquiries. Before we had the theory that we would be successful: when we saw the list of potential sales it became real." sars Michaei Low, managing director.

Creos believes it has the chance to dominate a worldwide zaediczi imaging power supply market

stock exchange pressures that have nothing to do with our business and would mean we had to maintain our A company that lets down the market can fall into a financial share price".

limbo, bearing all the costs of maintaining a listing with no prospect of using it to issue shares to raise

more capital.
Instead Creos has selected the third option of seeking a partner who would buy into the company and support its expansion: Touche Ross, its financial adviser, is preparing to market the company worldwide next month. "If we carry on the way we are, we would eventually stabilise at \$25m turnover, with a partner we could get to \$100m in three years," says Anderson. The ideal partner would be a

large manufacturing company. But it would have to be outside the med-ical imaging industry to avoid Creos becoming too closely allied with one of its customers and alienating the others.

Creos wants a partner to provide long-term support, which a flotation could never provide. "Our customers are looking for a five to 10-year relationship with us to service and support the products they buy," says Low. "If we were associated with a larger group, it would be of great comfort to customers when they order our products."

But he and Anderson accept that a partnership could result in a dilution of their own stakes in the business, and could challenge its management's independence.

If partnership is the right solution for Creos, why is it not suitable for Vision? Denyer argues that Vision has already been through the stage of having a corporate partner in its relationship with Donnelly.

But a significant difference is worth \$500m. The question is how that, while Vision's products have considerable sales potential and have attracted 10,000 inquiries. Creos is confronting actual pent-up demand which should be swiftly stakes (institutions including Elec-tra Innvotec, Grosvenor Develop-ment Capital and Ivory & Sime bold translated into firm orders.

Misgivings about the extraneous pressures which stock exchange mbership imposes do not appear to bother Denyer. We accept that we will have to fulfil the market's expectations of higher profits," he says. "It's a discipline that's not stopped a great raft of high-tech US companies", which have to meet market expectations every quarter, not every half year.

OUR HEAD OFFICE

SKYSCRAPERS CAN'T MAKE A BUSINESS SUCCESSFUL: IT'S WHAT LIES BEHIND THE COMPANY FACADE THAT COUNTS. THAT'S WHY,

best to equip itself to exploit it.

The first notion would be to carry

on as it is. There would be no diln-

tion of the founding investors'

about 70 per cent of the company,

the management 30 per cent). "But

we would have to turn away a lot of .

The second option would be to go

for a flotation. However, if Creos

raised the same £5m as Vision, it

would not be enough to support the expansion it believes possible.

business that we ourselves have

stimulated," says Anderson.

AT CANON, WE CONCENTRATE ON CREATING CARING TECHNOLOGY. BY DESIGNING EASY TO USE PRODUCTS. PRODUCTIVE PRODUCTS. SO PEOPLE CAN BE FAR MORE FLEXIBLE. WORK WHERE THEY WANT, THE WAY THEY WANT. IN A HEALTHY ENVIRONMENT THAT EVERYONE CAN ENJOY. IMPROVING THE QUALITY OF LIFE IS CANON'S PRIMARY COMMITMENT. WE'LL CONTINUE SHAPING NEW PRODUCTS. STEERING DEVELOPMENT. MAKING EVERY HEAD OFFICE A LITTLE MORE LIKE HOME. WHEN BUSINESS WORKS BETTER, EVERYONE BENEFITS.

50, TOGETHER, LET'S CARE

ou will have read little about the murder trial of O J Simpson in this newspaper. Though legal fees, publishing ventures and the media mob around the courtroom have all benefited the Los Angeles economy, it has not met many of our customary criteria for even modified treatment. Yet it is - Clinton, Gingrich, Dole, Greenspan notwithstanding - easily the biggest US story of the year. Why is this so? It's the law, stupid.

As a teenager, I saw an entire murder trial at Worcester assizes. An old moneylender from Birmingham, who dealt only in white £5 notes, then going out of circulation, had been battered to death. The accused had no alibi. A cache of the currency was found in his house and a crowbar with matching blood samples in his potting shed. He was acquitted, after a brilliant dissection of the circumstantial evidence hy his barrister (as I recall, Alan King-Hamilton). The whole case lasted exactly six days, including a full day's deliberation by the jury. It feels as though the Simpson trial is

O J: law in black and white

DATELINE

Washington: Live

following, writes

Jurek Martin

hardly a quorum of jurors left and those that remain, confined to a court room and a hotel, their every human contact, movie and reading minutely monitored, must be wondering why they allowed themselves to be empanelled in the first place. They cannot even discuss among each other what they hear in court until asked to consider a verdict - and what goes on in court in their absence, mostly arguments ahout admissibla evidence, consumes almost as much time as cross-examination

The questioning moves at glacial pace, the judge sometimes seems to be losing control of his court, the attorneys are barely civil to each other and the witnesses range from dour detectives to the sort of house guest only Hollywood could tolerate. ("I have leftover lasagna that is better at abstract reasoning," wrote Tony already in its seventh year. There is Kornheiser, the Washington Post colum-

nist, of "Kato" Kaelin). An endless stream of inter-changeable legal "experts" analyses on TV each five minutes of cross-examination, and the accused sits impassively or scribbles notes on legal pads. Supermarket tab-

loids and TV, from which the jury is mercifully screened, come up with new "revelations" every week, while the heavyweight press indulges in pop-psychology and Annie Liehowitz photographs. And still the prosecution has not wrapped up its case after four months.

The comparison with British justice is and all because of the Simpson trial. not made to belittle its American counter-

week or an eternity. whether fact or filmed fiction, have always had the coverage of the Simpson capacity to fascinate. But put them live on trial has an obsessive TV TV and obsessive interest can result. This is not the sub-

jective conclusion of

a wonld-he Henry Fonda (foreman in Twelve Angry Men) weaned on one old trial, Perry Mason and Rumpole. The staggering evidence is this, m'lud: that in the first quarter of this year, for the first time, the combined audience for US cable TV channels exceeded that of the main commercial networks -

CNN. Court TV and the E! entertainpart. The point is that court cases, ment channel clear their decks for live

whether lasting a coverage, which the networks, after an early dabble, eschewed. The talk shows that proliferate on cahle are mainly devoted to it. Even *Nightline*, the estimahle ABC current affairs programme born during an earlier national obsession, the Iranian hostage crisis of 1979-81, attributes its new lease on life partly to its frequent focus on the Simpson case. So far this year, only the return of Michael Jordan to another court, basketball, has broken the trial's monopoly of the 100 most watched

cable programmes.

Of course, what comes can go away.

CNN reached new ratings peaks during the Gulf war, only to fall off sharply when it ended. Bnt Ted Turner's audience research expert has found that over the last year, with the Bohhitt and Menendez trials having set new levels months before the donble murder in Los Angeles, 14 of the 20 widely available basic cable channels have increased audiences, while the other six have held their own.

This, of course, creates another problem, that much regular cable fare - and network TV, too, now that Rupert Murdoch owns one - is full of sex and violence. This is largely watched, unsupervised, by the young and impressionable in a country where seven out of 10 house-holds have more than one TV set and one in 10 has at least four. But, under orders from Judge Lance Ito, the Simpson TV audience is not shown the more gruesome photographs from the crime scene, making the trial one which all the family can

watch, together or separately.
White Americans generally think Simpson is guilty, blacks that he is not. I am not sure the prosecution has yet made its case beyond all reasonable doubt. But 1 am sure that if it ends inconclusively, for lack of a full jury or for a hung one, any re-trial will have to be held on Mars. There is not a single living breathing citi-zen of this country who can claim unfamiliarity or neutrality. Newt Gingrich's Contract with America does not even come close in comparison.

FT GUIDE TO

THE FRENCH ELECTION

The first round of the French presidential election is next Sunday. What is at stake? A lot. A French president has relatively more power than a US president. He serves a seven-year term, names the prime minister, can conduct foreign and defence policy virtually solo, and can dissolve parliament and call fresh elections whenever he wants.

How does the election work?

In several stages. To qualify to run at all, candidates have to muster the signatures of at least 500 elected politicians, based in at least one third of the country's 95 departments. Several minor and purely regional candidates fell at this hurdle, winnowing the field to nine candidates who were declared, at the start of the "official" campaign on April 7, to have come under starter's

They range from the three leading candi-dates - the two gaullists, Jacques Chirac and Edouard Balladur, and the Socialist Lionel Jospin - to six likely also-rans, led, according to the polls, by Jean-Marie Le Pen, the National Front leader, and Robert Hue, the Communist leader.

The first round of voting is a fence at which all but the top two scorers will fall. Those two then have a run-off election on May 7, to decide the winner.

Are French presidential elections as lengthy and expensive as those in the US? Not at all, though they still last longer and what to do about it - is the most prominent.

cost more than in European parliamentary systems. French presidential candidates tend to "emerge" from their political parties, though this year the Socialists held a quick internal "primary" election won by Jospin. The two conservative coalition parties - the RPR gaullists and the UDF centre-right federation - failed to carry out their earlier pledge to hold a US-style primary to select a single candidate.

The upshot is that two RPR members, Chirac and Balladur, are contesting the election, and no one from the UDF. The election has some of the razzmatazz of a US campaign, with bands, balloons and T-shirted cheerleaders at bigger rallies. But there is less money to throw around, especially after a new anti-corruption law this year that banned corporate contributions and sharply reduced the ceiling on overall spending from what it was at the last presidential election

Candidates can spend up to FFr90m (£11.37m) for the first-round campaign, and the two finalists going on to May 7 can spend up to FFr120m, with around one third reimhursed by the state. Paid TV publicity is not allowed. Instead,

the nine candidates get equal portions of free airtime on state TV and radio. What are the issues?

Overwhelmingly domestic, Of these, France's

unemployment rate of over 12 per cent - and

Related issues include the chronic deficits in the country's welfare, health insurance and pension systems, and prospects for shifting the burden of financing the welfare system off company payrolls and on to the state hudget, while narrowing the budget deficit and reducing public debt.

By contrast, European and foreign policy issues have counted for little. Despite the fact that the campaign coincides with France abolishing passport checks with six of its continental neighbours in the Schengen "free travel" arrangement, immigration has not been widely debated as an issue, though it may be one.

If there is one single policy reason for Chirac's lead in the polls, it is his focus on unemployment as the one problem which, if solved hy his planned social charge reductions and joh premia, will eventually sort out the rest of the mess in French public finances. He and Jospin have not worried too much about how their programmes square with the Maastricht disciplines for monetary union. By contrast, Balladur has appeared too fussy about the Maastricht arithmetic to appeal to the average voter.

Does the election ontcome matter to foreigners?

Yes, especially to other Europeans. This is not so much hecause France is at present president of the EU. The first significant international engagement for France's new president will be to host the EU summit in

Cannes in June. But EU presidencies rarely have a big impact on the Union, and France's spell in the EU chair barely has two months to run. The importance is rather that France, along with Germany, has been the traditional motor of EU integration, and thus can be expected to play a big role in next year's intergovernmental conference. In addition, France, like Britain, is a muclear power and permanent member of the UN Security Council.

Does the presidential election matter to the French themselves?

More so than parliamentary and municipal elections. In the past 30 years voter turn-out has always exceeded 80 per cent in presidential elections, with one exception. That was in 1969 when two right-wing candidates ended up in the run-off, leading to wide spread left-wing abstention. This could re-occur, in the less likely event that Balladur edges Jospin out of second place so as to face Chirac in the run-off. The most appetising aspect of the election for most French is the prospect that the incoming president may decree an amnesty for a range of misdemeanours, including parking tickets, as has happened in the past.

Who will win?

David Buchan

Rudloff opts for a

PEOPLE

daring swansong > Nicholas Denton looks at MC's venture into Russia

swansong. Not only has he founded a new investment bank, MC Securities, in an industry domi-nated by established glants. But its first push has been into Russia, one of the world's riskiest markets. On the fringes of last week's meeting of the European Bank of Reconstruction and Development in London, Rudloff unveiled MC and its joint venture with Sintez Corporation, a Russian oil and banking conglomer-

Rudloff could have sat on his laurels: long-time chairman of Credit Suisse First Boston, the Londonbased investment banking operation of the Swiss banking group; a force behind the Euromarkets and London's grip on international debt and equity issuance and trading; a founder of Credit Suisse Financial Products, one of the leading players in derivatives; inspirer of CSFB's bold and ultimately successful expansion in eastern Europe after the collapse of communism; and perhaps the pre-eminent international investment hanker of his time in London.

Instead, he is tempting fate. MC is investing \$9m (£5.6m) in a country with unpredictable economic policies and uncertain commitment to reform. And it has a local partner. Russia is littered with the corpses of joint venturers who fell out.

MC is moving in even as investment banks such as Goldman Sachs are pulling back from Moscow. Goldman Sachs is the world's most powerful investment bank, whereas MC is a boutique with capital of \$75m and a target of 150 staff. Competitors sneer about MC executives. "A bunch of old-timers and kids." they say. And Rudloff's obituaries are already drafted. A former colleague at CSFB offers the epitaph: He was a brilliant man - in his

Rudloff, 54, knows that his reputation is on the line in Russia, and more. He says: "Obviously MC will be the last thing I do. We are putting all of our eggs in a few baskets. Most of my money as well."

He could have played the senior statesman at some established financial institution. After he left CSFB in 1993 he had such a role: strategist on the board of its parent, CS Holding, in Zurich. But comfortable semi-retirement in Switzerland is not for him. You can do that hen you are 70. Switzerland is a very nice place hnt..." He pauses. "I have never believed in playing

A friendly rival gives another rea-



Hans-Jörg Rudloff: a god to many young executives

son for Rudloff's restlessness: his replacement by David Mulford, for-mer US Treasury official, amid infighting at CSFB. "He was prematurely removed from CSFB. He is going to work very hard."

Rudloff believes that his age in an asset. He confronts the barbs with practised skill. "I am an old-timer. That is exactly the right way to put it. But you know it can be a pretty powerful combination: old-timers with a mixture of experience and relationships, who have seen it all, and modern, highly-trained kids." Ona old-timer, Pehr Gyllen-

hammar, former chairman of Volvo, is on the MC board. And the kids include Charles Harman, in charge of corporate finance at MC, who was head of CSFB in central Europe, and Zdenek Bakala, Rudloff's partner in Prague, who built CSFB in the Czech capital. Both are around 30, but they are already veterans of the emerging markets of the former communist bloc.

They followed Rudloff partly out of loyalty. At CSFB, Rudloff used to tour the offices at night. It was generally the young thrusters who stayed that late. He would invite them out for dinner, then to London's West End and his favourite nightcluh. If they had dates with girlfriends, they were told to bring them along. Rudloff is a god to

many of the young executives he

raised. A more solid attraction is money, but not to start with. Harman gave up his bonus and generous CSFB salary to move to MC. But he is a partner and, if MC succeeds, he and his colleagues will make their fortunes. "At the end of the day, Rudloff has always made money for peo-

ple," says Harman. This time, Rudloff is betting on investment hanking in eastern Europe. For me there is such a logic to it. Everybody was talking about emerging markets, and emerging markets within an hour's plane rida are more interesting. Now it's easier because you know where it is going. And there is still lots of room.

Rndloff has been right before. CSFB's Russian operations earned about \$100m in revenues last year. The market may be fickle: a stockmarket collapse in Moscow since last autumn has left investors with losses. But an admirer says Rudloff's timing has been impeccable, adding: "The worst is over. Now the

money is going to be made." Or maybe not. What if MC fails? A jovial Rudloff says: "Wa lose a lot of money. Otherwise, not much happens. I can look like a total idiot in three years' time. We'll see in three



Carol Bellamy's peace offering

Carol Bellamy, the new head of Unicef, the United Nations Children's Fund, has a reputation as a feisty New York political pro, writes Michael Littlejohns.

She made her name sparring with the likes of former mayor Ed Koch and national vice-presidential candidate Geraldine Ferraro. She always gave as good as she got. Now she faces her higgest test. She has to prova that she can translate her skills at incestuous political infighting to revitalising a \$1bn (£0.60bn) a year agency which operates in 131 countries and has been accused of poor management and corruption.

lt is the sort of challenge Bellamy has relished in the past. But she may have to curh her belligerent tendencies and turn on the charm. Cajoling governments to contribute large amounts of cash will be a stiff task, especially since the European countries failed to break the US monopoly on the top job at Unicef.

Bellamy, 53, has an impressive record in public service, most recently as head of the US Peace Corps, which she served for two years while a young volunteer in Guatemala. She was the first former field worker to become director of the agency and is now the first woman to head Unicef.

She was not the first choice of the Clinton administration or of the UN secretary-general, Boutros Boutros-Ghali. But her financial and business background belped her succeed as a compromise candidate. A qualified lawyer and former fellow of Harvard's Kennedy School of Government, Bellamy has mixed her political career with stints on Wall Street, first with Morgan Stanley, then Bear Stearns.

But there is one area where she is relatively unqualified. She is wealthy, childless and unmarried. As a result, she needs to prove that she can relate to Unicer's principal customers: the world's poorer women and children.

Hüppi makes whoopee in Zurich Rolf Hippi, cigar-smoking chief executive of Zurich Insurance, is

the odd man out in the insurance

world, writes Ian Rodger. As boss of

(£1,20bo) hid for US financial services group Kemper last week, Hüppi has a knack of making insurance interesting. He is a consummate salesman

a company which mada a \$2bn

hut also an innovator. In 1988 be formed Centre Reinsurance to develop a new concept called finite risk reinsurance. The company offers partial rebates if insurers do not claim their full reinsurance cover over a contracted period. It was an instant, and much-imitated. He has also reoriented Zurich's operations from generalised "lines"

of business to specialised customer groups. Hüppi tirelessly explains that specialisation enables Zurich better to understand the needs of a customer group. Then it can offer improved services and charge higher prices.
Some investors are getting nervous about the pace of Zurich's growth and diversification since

Hüppi, 51, became chief executive

in 1991. He insists the group is still tightly focused on life and non-life insurance, reinsurance and asset management, and that it has great financial strength.

If, heaven forhid, California slid into the sea, an earthquake devastated Tokyo, hurricanes pounded the east coast of the US and severe wind storms hit western

Europe, the company would flinch, says Hüppi. "But I don't think it

Dr Doom rides again

would kill us."

Once upon a time, a word from Salomon Brothers' Dr Henry Kaufman, who spent 26 years at the Wall Street broker, could send shudders through the world's bond markets, writes Maggie Urry. His weekly comments on credit were essential reading in the days when an attempt to measure the money supply still had some value.

Since quitting Salomon seven years ago. Kaufman has contented himself running his own firm, managing \$750m (£468.7m) of mainly institutional money, and doing consulting and public work. Now 67, he has decided to return to Wall Street as a director of Lehman Brothers, the investment bank. But he does not intend returning to the weekly grind of publishing his latest thoughts on the bond markets ımder Lehman Brothers' letterhead.

Even so, he still seems to he living up to his old nickname: Dr Doom. Kaufman's view at present is that the US economy is likely to strengthen in the second half of this year, which will lead to further tightening by the Federal Reserve. The Fed Funds rate could be close to 7 per cent by year-end. And he warns that while recent shocks such as Barings, Orange County and Mexico have been absorbed by the high level of liquidity in the system, that liquidity will diminish and the shocks will keep coming. That will be a significant test for

MUSIC

■ Even in his one-legged, manic-eyed prime as lead singer of Jethro Tull, Ian Anderson showed signs of impatience with straight rock music. On Divinities: Twelve Dances With God (EMJ) he gets the chance to experiment and indulge himself completely, composing 12 pieces for flute and orchestra with a vaguely spiritual theme. It is lovingly played and arranged. occasionally reminiscent of the more accessible side of Frank Zappa, and likely to appeal to all those who loved the twiddly hits in Thick As A Brick.

☐ Aaron Neville - without his hrothers - shows alarming signs of Luther Vandross syndrome in The Tattooed Heart (A&M). Symptoms include a lovely, soulful voice and an acute shortage of material on which to show it off; this despite the songwriting talents of Andrew Gold, Kris Kristofferson and Mike Chapman, who rather let themselves, and Neville, down. Aaron joins his hrothers for a summer European tour, including a date at London's Shepherds Bush Empire on July 17.

■ One might care to argue that the deep, smokey, passionate, sensual voice of Jeanne Moreau is a tad wasted on children's stories; be that as it may, she tells the tale of Babar Peter Aspden

the Elephant wonderfully well in Poulenc's version of the fable, accompanied by Jean-Marc Linsada on Deutsche Grammophon. The Poulenc is paired with a selection of Erik Satie's best-known pieces.

☐ It was only a matter of time before the remarkable Hildegard of Bingen got the "Gregorian" treatment ("Doesn't this deeply spiritual medieval music sound spine-tinglingly good with a 20th century backbeat?"). The sleeve notes of Vision (EMI) even go to the tronble of quoting Hildy herself on what she thought of those funky sounds ("Every element has a sound, an original sound from the order of God; all those sounds unite like the harmony from harps and zithers"). Funny, no mention of drum sampling.

■ In hrief: the excellent young Milanese chamber music ensemble Il Giardino Armonico, with Christophe Coin on violoncello, tackles Vivaldi's double and triple concertos (including Il Proteo) on the Teldec label: Mariss Jansons conducts the Philadelphia Orchestra for Shostakovich's Tenth Symphony and the same composer's orchestration of Mussorgsky's Songs and Dances of Death (EMI).

FILM/VIDEO

■ Moods change fast in movieland. From dumb and dumber we progress to grim and grimmer. Roman Polanski's Death And The Maiden is a film of Ariel Dorfman's chamber play of torture and political debate: opened out, say advance reports, only to allow a larger area for the guilts and agonies to swirl around. Sigourney Weaver stars, with Ben Kingsley and Stuart Wilson

□ In Outbreak, scientist Dustin Hoffman investigates a killer virus from an African rain forest. Will it destroy - assuming it can first find intelligent life in California? Directed by Wolfgang Petersen (In The The Line Of Fire), the techno-thriller has been a hit at the American box office, re-establishing Hoffman's bankability after the likes of Hook and Accidental Hero.

As a lighter treat post-Easter, you might try Richard Linklater's romantic comedy, Before Sunrise. American boy (Ethan Hawke) meets French girl (Julie Delpy) aboard Austrian train. They decide to

wander Vienna for the night - no money for a hotel - and, guess what, they fall in love. Instead of being syrupy, the film is nimble-witted. As in Dazed And Confused, Linklater excels at choreographing those near-invisible tics of human behaviour that make up social body language, especially when thet language is cranked into superdrive by romance.

On video, the choice is between the sinisterly sublime and the rousingly ridiculous. Leni Riefenstahl's Olympiad mythologises the Hitler-attended 1936 Berlin Olympics, using dazzling images to sell the Aryan dream. (You could watch this in conjunction with the queasy moral conundrums presented by TV's Wagnermania season). Priscilla: Queen Of The Desert, starring Terence Stamp, is the best-ever comedy about three drag queens lost in the Australian outback. A small genre, hut on this evidence a precious

Nigel Andrews



Scottish sleeper services which are due to be exed could be **British Rail** says. Last week the Central Rail Users' Consultative Committee,

the passengers' watchdog. claimed it would be difficult for BR to restore the services. Overnight sleeper trains from London to Fort William and from Phymouth to Glasgow and Edinburgh, together with all Motorali services, are to cease operation from May 28. But restoration may occur if Roger Salmon, the UK rail franchising director, decides to include them in ScotRall's passenger service requirement

say someone needs protection

in Phnom Penh [Cambodia].

hut if you are going out of the city into areas controlled by

the Khmer Rouge you should

certainly have someone with

In some places business trav-

ellers can be just as much at

risk as tourists, maybe more

so, especially if the assailants

are after money. Control Risks has a pool of

about 50 security escorts, most

of whom are ex-military. And

they are not hairy hunks. "We

prefer to keep people out of

trouble, so we use a low-key

approach," says Fenning.
The last thing you want to
do wheo travelling in a risky

area is provoke trouble, so

your security co-ordinator is

unlikely to wear mirror sun-

glasses or juggle guns and

Karaoke parlour deaths At least 11 people were killed when fire swept hrough a karaoke parlou in Taiwan's capital, Taipei, yesterday, reports Reuter. Thirty-eight people were rescued, but 13 were haured. The fire started at 2.08am local time. Its

cause was not immedia

Karacke pariours in Taiwan have seen lethal fires before, and many have been criticised for poor safety records. Last February 64 people died in the Island's deadlest fire in a karaoke parlour and restaurant complex in the

Peace dividend Jordan's hotels are full to bursting Decause its tourism industry

is creaking under a boom fuelled by its peace treaty with Israel last October, Reuter reports. There is also a shortage of

multi-language guides. Over 500 Israeli tourists have entered Jordan each day since the borders opened last November, and more are expected after May 1 when an initial daily limit of 900 Israeli tourists is lifted. The tourism board is

confident the kingdom can handle the higher numbers by investing in new facilities and

Taste for opium Police rakis on 80 hot-pot into control China city of Changging aled that half were using opium poppy seeds to spice up their food, the

Legal Daily reported.
The raids uncovered 7ib of opium poppy seeds and shells in six restaurants alone. On average, each restaurant used 1lb of opium poppy each monti Poppy seeds add extra taste to the hot pot, a popular dish in Chongqi which is in the province of Sichuan, famous for its

Police will start criminal ngs against or owners.

Qantas revemp

Business class passengers travelling on Centes will notice an improvement, as the Australian carrier's revemped aircraft filter through to its European routes, writes Kate Bevan

They are already in service on some routes between the far east and Australia. Main feature of the relaunch is bigger seats. and more legroom. The revamp has cost Cantas 10 seats in business class on its 747-400s. but unlike other adines which have elected for bigger seats: including Continental and Virgin, it has not abolished first class, which has fully reclining seats. The new service is a

compromise between old style business class and first class, Likely weather in the leading business centres

Our "just-in-time" concept means more industries now operate globall 081-750 3030 for more information.

When there's trouble ahead

hodyguard? As Kevin Costner, with an unconscious Whitney Houston in his arms? muscleman wearing sunglasses and toting a small personal arsenal? Wrong on both counts.

in fact, the term "body-guard" is disliked by the security husiness, which prefers "close protection escort" or "security co-ordinator". But whatever you choose to call it, you might find yourself needing such help on some of

Control Risks, a British secu-rity group, says there are some cities where business travellers would be wise to have protection. Top of its list at present are Algiers /daoger from Islamic fundameotalists); wartorn Freetowo, Sierra Leone rebels have seized foreign hostages); Karachi, Pakistan (two US consulate workers killed during receot violence); and parts of Russia.

But it really depends oo who you are," says Richard Fenning, the company's business development manager. "If you're a celebrity you'll need Bodyguards play a more discreet role than they used to, writes **Kate Bevan**

You could leave it until you some kind of protectioo even arrive to organise your body-guard, but that is not recomin London The oeed for protection also depends on what you will be doing. "We wouldn't normally

"You can find any number of huge hairy Afghans if you want them in that part of the world," says Fenning, hnt then you would have no idea who

The industry would rather use the term 'close protection escorts' or 'security co-ordinators'

they were. It is much safer to determine what you need before leaving home. Costs are not oegligible. Depending where you are, a hodyguard is likely to cost about £400 a day or the equivaleot, plus expenses. If you take him with you, he may not demand to fly with you in first

class, but he is likely to expect business class.

You do not necessarily oeed a guard 24 hours a day. Often a hodyguard acts more like a liaison officer than a shadow, talking to local police and military, and arranging

With or without a bodyguard, there are plenty of things you can do to make your travel safer. You need to be properly prepared, and preparation starts the moment you step off your aircraft.

Do you need someone to meet your flight? If so, should you use a password to make sure you are not abducted by an imposter who has got your name from the passenger list? if you are not being met, is there a particularly trusty taxi operator? Or a notably dangerous one?

Your choice of hotel should be based on personal recommendation. Some experts say you should not let anyone into your room unless you know

who they are, but that can be impractical in a big hotel with many staff. Instead, make sure reception calls you if anyone comes to meet you. And ask housekeeping to inform you when staff are going to clean your room.

If you are mugged, do not be confrontational. It is not worth being hurt for the sake of cash or possessions. Experts usually suggest that you carry a small mount of cash - "mngger's toll" - that you can hand over

without fuss. Women should take special care when travelling alone, though generally they are better prepared than men because they take personal security more seriously as a matter of routine. Women executives should find out if their botel bar is a hang-out for prostitutes or pimps, and conveotional wisdom recommends avoiding ground-floor bedrooms if windows are insecure.

With reasonable care, you are likely to need expensive protection only in the wildest places. But many security experts believe that will



Kevin Costner as a Hollywood bodyguard with Whitney Houston

Bruised at Big Apple's airports

are in such short supply in New York that A airlines could be forced to curtail flights during reported last week.

The 50 "operational" errors tallied last year by the Federal Administration included allowing aircraft to get too close to each other or to stray out of their proper air space. The cootrollers' union

ir traffic controllers ing on a plan to hold aircraft longer on the ground when

necessary. Such delays could force airlines to cancel flights using Kennedy, LaGuardia and Newark airports to prevent holdups there affecting services elsewhere. These three New York airports handle 6.000 take-offs and landings a day. The difficult workload and high cost of living have caused the shortage of regional con-

Athens cleans up its act

ban on cars in its historic centre. Reuter reports. The aim is to reduce air pollution, preserve ancient monu-ments and make living in the Greek capital bearable again. As the ban started, brass hands hlared and politicians praised themselves in TV interviews. "This inangurates

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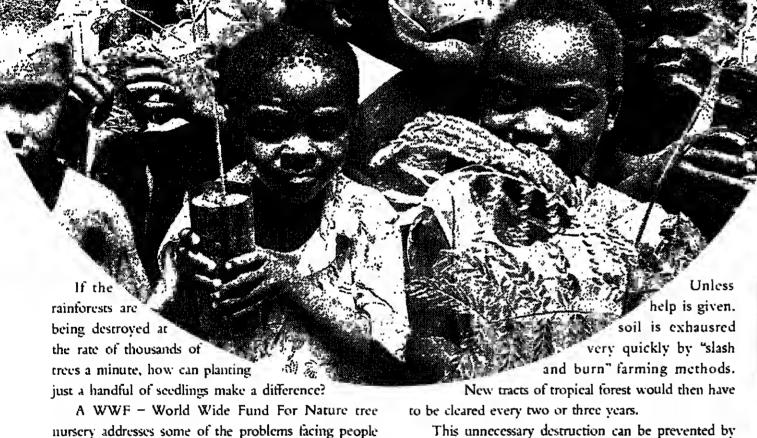
mices

a new era which will change the face of Athens and make it a cleaner, more humane and more functional city," Dimitris Avramopoulos, the mayor, The experimental ban on cars, motorcycles and taxis from 8am to 8pm covers a 0.7 sq mile area below the Acropo-lis and was the hrainchild of

the mayor and Costas Laliotis, the environment and public works minister.
Athens is plagued by gases that threaten its 3.5m inhabitants as well as its classical treasures. In the summer of 1988, an estimated 500 people died of smog-related illness

City anthorities periodically warn people to stay indoors. The ban has closed most roads inside the triangle of Mitropoleos, Stadion and Athi-nas streets, covering the main food markets, bourse and old parliament building. Only delivery trucks servicing local shops, a few residents' cars and a new fleet of bright red minibuses - free to the public

are allowed. "It's wonderful It's now the only place in Athens where life when you cross a street or brace yourself for an insult from a frustrated driver," said helping children paint boards due to open in 1997 and will



that can force them to chop down trees.

Where hunger or poverty is the underlying cause of deforestation, we can provide fruit trees.

The villagers of Mugunga, Zaire, for example, cat papaya and mangoes from WWF trees. And rather than having to sell timber to buy other food, they can now sell the surplus fruit their nursery produces.

Where trees are chopped down for firewood, WWF and the local people can prorect them by planting fast-growing varieties to form a renewable fuel source.

This is particularly valuable in the Impenetrable Forest, Uganda, where indigenous hardwoods take two hundred years to mature. The Markhamia lotea trees planted by WWF and local villages can be harvested within five or six years of planting.

Where trees are chopped down to be used for construction, as in Panama and Pakistan, we supply other species that are fast-growing and easily replaced.

These tree nurseries are just part of the work we do with the people of the tropical forests.

WWF sponsors students from developing countries on an agroforestry course at UPAZ University in Costa Rica, where WWF provides technical advice on growing vegetable and grain crops.

This unnecessary destruction can be prevented by combining modern techniques with traditional practices so that the same plot of land can be used to produce crops over and over again.

In La Planada, Colombia, our experimental farm demonstrates how these techniques can be used to grow a family's food on a small four hectare plot. (Instead of clearing the usual ten hectares of forest.)

WWF fieldworkers are now involved in over 100 tropical forest projects in 45 countries around the world.

The idea behind all of this work is that the use of natural resources should be sustainable. WWF is calling for the rate of deforestation in the

tropics to be halved by 1995, and for there to be no net deforestation by the end of the century. Write to the Membership Officer at the address below to find out how you can help us ensure that

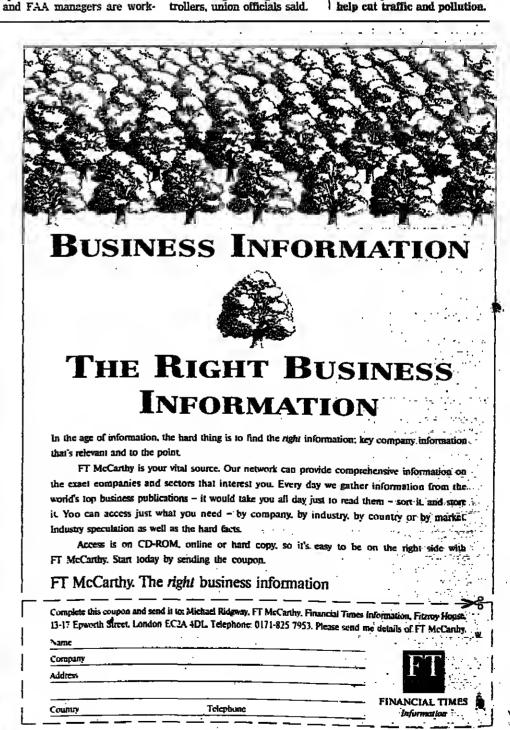
this generation does not continue to steal nature's capital from the next. It could be with a donation, or, appropriately enough, a legacy.

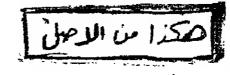


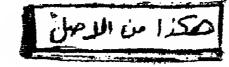
WWF World Wide Fund For Nature

International Secretariat, 1196 Gland, Switzerland.

FOR THE SAKE OF THE CHILDREN GAVE THEM A NURSERY.







MEDIA FUTURES

Time for the UK to network public information



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When the definitive history of open govern-ment is written, 1835 will probably be declared a landmark, for it was in that year, nearly ball a century after the foundation of His Majesty'a Sta-

tionery Office, that parha-Jackson mentary papers were first made available to the public. It is depressing to note what little progress has been made since then. A century and a half later, HMSO still

typesets and prints its documents, and sells them by mail-order and to personal sens them by man-order and to personal callers at a few shops. Only insiders, such as MPs and journalists, receive them for nothing, the public has to pay. Even green papers, the documents issued by governments when they want to bring interested parties into policy debate are rarely disparties into policy debate, are rarely distributed as widely as they should be.

The paradox is that the technology already exists to give all of us easy access to public papers. Using the World Wide Web, the 30m-odd users of the Internet can browse through almost 3m different documents, each varying in length from a few short headlines to tens of thousands of words.

They can use software to search for keywords, producing a list of Web pages that mention the topic they are looking for. While reading one document, they can click on a cross-reference and jump instantly to another document - which may be stored on another computer, in another town, or even in another country.

If this sounds baffling, no matter, the beauty of the Web is that people who use it need not care how it works. The point is that they can find their way around a vast store of information without expertise in computing or librarianship, and for no more than the price of a local call and a subscription to an Internet service, I experienced a taste of this for the first

time last week, in the course of some research on proposals by a US senator for stricter curbs on the electronic transmission of obscene material. Starting at the Web home page of the Library of Con-gress, I clicked on Thomas, the name of a service that offers information on bills before the US Congress, clicked again to choose the 1994 session, and typed in the

words Exon (the Senator's name).

Ten seconds later, the title of the bill came up. A final click transferred the text verbatim to the computer on my desk. But primary legislation and green papers are only the tip of the governmental iceberg.

Legislative proceedings, parliamentary questions, regulations, press releases, per-formance statistics of public bodies, tax leaflets, application forms for state benefits, electoral rolls. Companies House records - all these are documents that can be invaluable to businesses, interest groupa and private individuals if only they are easily accessible without excessive cost or inconvenience.

Anyone wbo doubta wbether there would be public demand for such a seras.loc.gov/). Its computer deals with around 44,000 inquiries each day, a number that would require a small battalion of civil servants and a substantial mail-order operation to process. Even US government agencies use the system, which is not surprising when it can deliver a legis-

lative text more quickly than most people can scribble a memo requesting a copy. Britain is far behind. The government has a Web page (http://www.open.gov.uk/
), but it offers little of substance beyond charter documents, ministerial speeches, the odd press release and the recent G7

communique on the superhighway. With the bonourable exception of the minutes of the monthly meetings between the chancellor of the exchequer and the governor of the Bank of England, much of the material on the government's Web pages is high-grade puffery.

If people are reluctant to read PR handouts pushed through their letterboxes. US on ways in which technology can

that has been responsible for the deficiencies in the government's Web service. But the price of the computer disc space on which Web information must be stored is low and falling.

At around £1 per megabyte, the civil service could put 1bn pages of documents online for around £1m a year. Since many central government departments are already admirably equipped with networked PCs and e-mail, use might be made of existing computer storage, so the price might be lower still.

In any case, the cost of making public papers available electronically would be covered many times by the savings. Civil servants would spend less time sending documents out and answering enquiries, for the public would be able to retrieve what they needed independently.

There is already a lively debate in the

vice need only look at the usage statistics for the Thomas aervice (http://thomas.loc.gov/). Its computer deals with one might think that it is lack of funds that debate is only just beginning. The culture of secrecy in British governance and the vested interests that hinder its reform - will mean that progress is slow. British politicians and civil servants seem to believe that it is easier to defend government policy when its opponents are starved of information.

And a host of professionals - press offi-cers, lobbyists, patent agents, company search specialists, planning experts, regu-latory lawyers - sees risks in open government if it allows clients to bypass

With luck, both will realise in time that they are wrong that the free electronic flow of public information will promote better government and provide a better livelihood for professionals who specialise in public policy. Meantime, users of the Web who want access to British public documents must be patient. t.jackson@pop3.demon.co.uk

How long now for dead trees smeared with ink?

Via e-mail, Stephen McGookin interviews an authority on online newspapers

pers are leaping into cyberspace. From Aftonbladet in Sweden to L'Unione Sarda in Italy to the Weekly Mail in South Africa to the Los Angeles Times or Hartford Courant in the US, newspapers are hurtling along the infobahn at such speed that it is hard keeping track of them. However, one man who knows, almost by the hour, which publications are heading fastest towards the new electronic frontier is Steve Outing,

founder of Planetary News of El Cerrito, California. For tha past year, his company has been using the Internet to create a database of online newspapers throughout the world (http://morketplace.com/ e-popers_list.www/ e papers.home.page.html), as well as providing a consulting service for publishers about to take their first step into the electronic arena. Outing is also the author of the 1995 Online Newspaper Report, a hard-copy

guide to setting up such a ser-vice, and widely seen as an indispensable tool for anyone in the business: While there are other excelresources - for example, Newslink (http://www.news rising newsprint costs and a
link org/newslink) or John general reduction Makulowich's journalism list and impressive array of links to other sites (http:// 3 www.clark.net/publiournalism/ verbwork.html) - Steve Outing has established himself as an authority on the subject largely by virtue of the two highly active internet discussion lists he set up in February

last year: online-news and online-newspapers.

At present he tracks around

he world's newspa- 200 online newspaper services - double the number at the end of 1994 - and is hearing of several new additions each week. "At the end of 1993 there were only about 20 newspaper online services. Just about everyone in the newspaper industry is excited about the possibilities of publishing online – from big metros to community papers," be saya. He guesses that there could be between 1,000 and 2,000 newspapers operating such services within two years.

But the herd instinct is at work at present, he believes, with some publishers rushing to establish themselves electronically simply because their competitors are doing so, and because it is relatively cheap and easy to set up on the World Wide Web - the rapidly growing graphics-based side of

"I would hope publishers

USA Today, America's only

national daily newspaper, yes-terday took its distinctively snappy, news nagget approach online, writes Stephen McGookin.

The move comes at a time lent online journalism when all hard-copy US newsavailable for news rather than other content.

The new USA Today service is an extension of its existing electronic offering, the Sports Center, and builds on the heavy demand among mostly male online users for frequently updated sports information. It will also provide at extra cost - a variant on widely popular "fantasy base-

enter into this new medium not as a defensive move, but with a realisation that online represents the beginning of a major shift in the publishing industry. Networked comput-ing technology allows publishers to think in entirely different ways, to create very different products, to experiment. So many newspaper pub-lishers have operated the same old way for many decades. Now comes an opportunity to build a new business model. They need to ask if their organ-

Outing. The development of the online newspaper industry in the immediate future depends fundamentally on whether news providers can work out bow to charge for their services and achieve economic vlability.

Most web-based newspaper USA Today comes to the screen

> The online service will be available to subscribers dialling in through the Compu-Serve network.

While USA Today online will use Web technology, and its users will be able to visit other Web sites, the electronic version of the paper will not be accessible to non-subscribing Internet browsers who have Web access.

Subscribers will pay \$14.95 a month, which gives them three bours' usage. Each additional online hour will cost \$3.95.

While the other big online access providers, Prodigy and America Online, cost less per mouth, USA Today is optimistic that its product will prove competitive in a fast growing

products are free, but bave plans to begin charging sooner rather than later. Britain's Electronic Telegraph, for example, requires a reader registration as a prelude to a charge based system, while the San Jose Mercury News, regarded

as a pioneer in the online field, is set to impose an access fee. Even a moderate monthly charge for reading a web-based publication - on top of the sub-scriber's Internet access costs

would probably be enough to deter casual browsers, with the isation has the commitment to result that each service will break out of the mould," says end up attracting mainly local users. Steve Outing believes such a result could benefit newspapers which also offer Internet access in their local markets. "They pull in access fees over the short term, don't charge a fee to view the content and slowly are building online advertising. When the online ads increase to a level capable of supporting the services, the paper will have less

reliance on making money from selling Internet access." It is also in the newspapers' interest, be says, to create online services in which they provide an "electronic town hall" for their subscribers to meet. "Any newspaper, big or small, can sncceed if it can position itself to be the No 1 online information provider in

No publishers are making serious money online at present. But in the long term, be says, newspapers bave an opportunity to turn their online services into profitable ventures, and will do so not by receiving subscriber fees but in three ways: first, by selling advertising or sponsorships; second, receiving a commission based on online transactions that readers conduct with advertisers; third, charging for premium services such as access to their archives or providing personalised electronic

clippings services. "For the foreseeable future," says Outing, "newspapers will be producing online services that supplement the print products. Or, at least, that will be their intention. I think a small but growing group of people - especially young peo-ple who went through college with Internet access as a way of life - will begin relying on these services rather than the printed paper for news. This is not going to be a large group until we have something better than today's PC screens on which to view online ser-

He says that the arrival of "robust, magazine-size digital tablets" might persuade large numbers of people to give up the "dead-trees-smeared-withink" versions of their newspapers. As far as he is concerned, though, such a breakthrough won't happen this decade.
The 1995 Online Newspaper Report: Jupiter Communica tions, New York, Tel: (212) 941



「FTジャパンクラブ♣アニュアル・リポート・サービス」

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IBM lifts Internet services

By Tom Foremski

in a bid to become a significant provider of Internet services to business, IBM plans to more than double the number of local Internet access points on its global data communications network and offer World Wide Web publishing services.
The IBM Global Network will

expand from 177 Internet gateways in 21 countries to about 450 local access points in 40 countries by the end of this year. The network currently has about 25,000 business customers, representing about

2m users.

John Patrick, vice-president of IBM Internet Applications, said the group's goal is to provide high-speed communications links based on asynchronous transfer mode (ATM) technology that can provide communications speeds of billions of bits per second. "If you think of a 9,600 baud modem as a lin garden hose delivering information, with ATM we can build an information pipeline 27ft in

Faster communications speeds will allow for a greater range of services mixing text, video, audio and graphics mormation.

As part of its internet expansion plans, IBM also said it will shift the Prodigy consumer online service to a network of World Wide Web servers, allowing it to be accessed by anyone connected to the Internet.

It also said it has begun to provide information about next rear's summer Olympic Games in Atlanta to Internet users. It will provide real-time information on results during the Olympic competition (http:/ imew atlanta olympics org/).

Sofware to transform the global web sion of the software will run

By Louise Kehoe

Advances in Internet software are moving at hyperspeed. A rush of new programs promises to transform the global web of computer networks into a true multimedia communications channel with real-time sound and three-dimensional animation as well as video clips, text and graphics.

Unlike the experimental multimedia Internet transmissions that are currently accessible only by a small minority of users with high-speed data transmission links and powerful workstations, this new gen-eration of software is geared to the personal computer user with a standard telephone line hook-up to the Internet.

WebSpace, from Silicon Graphics, will bring threedimensional graphics to the World Wide Web, the fastest growing part of the Internet. Users of the program, which works in conjunction with popular Web browsers such as Netscape and Mosaic, will be able to navigate through "vir-tual worlds" - 3D cities, muse ums or art galleries, houses or hotels. Someone choosing a holiday destination, for example, might take an online tour of a resort, checking out the swimming pool, choosing a room by gazing out of the window to study the view, or read-

ing the restaurant menu. The software is expected to be used to create electronic shopping mails where customers can wander around looking at merchandise, move closer to examine products of interest and look at them from every

Beta versions of WabSpace will be available free on the www by the end of this month. Silicon Graphics' ver-

only on its high performance workstations, but Template Graphics Software will offer versions for use on PCs. Apple Macintosh and other workstations (http://www.sgi.com) Hot Java! from Sun Micro-

systems is a new type of Web browser. Rather than simply transferring static pages of text and graphics to a user's computer, it also downloads miniapplications programs, or "applets". Using Sun's Java programing language, Web site producers can create their own special purpose programs to greatly enhance the capabilities of the Web, while maintaining compatibility with the standards that have fueled its growth.

Sun demonstrates, for example, a financial planning information site that features a moving ahare price ticker across the top of the screen, while also tracking the performance of selected stocks. Another possible application might be an up-to-the-minute report on sports results. But the possibilities are as broad as the ingenuity of Web site programers will allow. The Hot Java! browser will give the Web capabilities similar to those of a CD-Rom, but with live data updates and interac-

Versions of the Hot Java! browser for use with Microsoft's Windows 95 and the Apple Macintosh are scheduled for release in June, via the Internet, free from Sun'a Java site (http://iova.sun.com/). RealAudio, from Progressive Network, a Microsoft spin-off company, works with existing

Web browsers to provide a

much improved method of

via the Internet.

For Internet users accessing the Intercet from PCs with standard modems, sound transmissions are today little more than a novelty. It takes about three minutes, for example, to download President Bill Clin-ton's 24-second "Welcome to the Whitehouse" message, and nearly a minute to wait for the four-second soundbite of Socks, the White House cat, meowing (http://www.whitehouse.gov/). RealAndio eliminates the downloading delay, enabling Internet users with multimedia PCs to play back audio in real time, as easily as using a standard tape recorder. It creates the possibility of "audio-on-de-mand" via the Internet, providing Intercet publishers and marketers with a new media type to add to their Web sites. Intercet users can look for-ward to playing music and listening to recorded radio programmes. In turn, Progressive Network has announced three products: tha RealAudio Player program for consumers, the RealAudio Studio for Web site content creators, and RealAudio Server for online publishers. Pre-release versions of the programs are now available free on a limited basis. (http:// amon realaudio com).

QuickTime Online, from Apple Computer, promises music videos over the Internet. To play back the interactiva music files, PC users will need Apple's QuickTime program, which comes in different versions for the Macintosb and PCs running the Windows operating system. Apple is offering the programs for sale online. Downloading videos from the Internet requires patience. Expect to wait nearly 10 minutes for a less-than-twominute QuickTime video (http:/ transmitting voice and music lauicktime.apple.com).

クラブ・マークで インベスター・リレーション活動を ンペスター・リレーションの活動を促進するため、PT紙面 World Stock Markets 頁の日本株式市場機に網羅されてい る日本企業のみを対象に、アニュアル・リポート・サービス

『FT ジャパン クラブ 加入に契約された日本企業には、 ♣ 印(クラブ・マーク)を記入して、他社との差別化を図り、 企業メンバーのアニュアル・リポートを希望するFT読者に 配布する手配を、FTが責任を持って代行します。メンバー 全集の特征は以下の通りです。

幸 F Tはメンバー企業のアニュアル・リポートを希望す入連 に24時間以内に届ける手配をする。

メンベー企業のアニュアル・リポートに対する型状及び 詳細を定期的にコンピューター・ディスクの形で提供する。 # F Tは、メンバー企業全体をリストした告示広告を贈時行い、本サービスの効果的な運営を覆る。

▲ メンバー企業はFTの紙面を使って、会社概要を広告する スペースが与えられる。

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*FT ジャパン クラブ 加入に関するお問い合わせ、お申し 込みは下記まで御連絡下さい。

THE BENEFITS Building Investor Relations

The FT Japan Club has been set up to promote investor relations. Membership of the club is only open to Japanese companies listed on the World Stock Markets page of the Financial Times. Annual reports of member companies will be sent on request to prospective investors.

Membership will be on a first come, first served basis. Names of the companies who have joined the FT Japan Club will be annotated by the ace of # clubs in the column of Japanese

The range of benefits which members companies enjoy include:

 ★ FT will send the reports within 24 hours to people who have

The names of people who have asked for annual reports will be given on disk to members of the FT Japan Club.

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Tatsuko Dawes

Unsinkable **Dennis** Conner

San Diego Yacht Club bends the rules for Stars and Stripes

rrespective of whether Dennis Conner goes on to win his fourth America's Cup, he has probahly already pulled off his greatest victory. Ten days ago he was

knocked out of the defender trials at the semi-final stage, victim of keel failure and a slow boat. But then two things happened. Conner was invited back into the regatta and his modestly re-vamped yacht started winning.
Is Conner genuinely unsinka-

ble, or are we watching the kind of legerdemain for which the Cup has long been famous? After all, in the late 19th century Lord Dunraven's accusa tion that the New York Yacht Cluh were bending the rules was sufficient provocation to cause the virtual cessation of diplomatic relations between Britain and the US.

Certainly it helps that Conner is playing on his home turf. San Diego is a world away from the stiff correctness of Newport, Rhode Island, and this is the great helmsman's hackyard. He was born the son of a commercial fisherman and still occasionally makes play of the fact that he was a poor boy hanging around the yacht club and in his twenties before he could afford to buy a hoat of

Everyone was amazed when San Diego Yacht Club tore up the rule book and allowed a beaten semi-finalist back into the fray. Conner professed delighted amazement hut few were convinced. A lifetime of favours owed and returned lay behind this benevoleot gesture. When they announced the extraordinary changes to the format for the finals. America's '95 officials were

The San Diego Yacht Club can agree to do lt a different way than they started out,"



WHEATLEY

asserted Chuck Nichols, president of AC '95. "The America's Cup is not like the Super Bowl. We have a duty to get the strongest defender to the start line to beat off a foreign chal-

The race three days ago hetween Stars & Stripes and Young America was a convincing vindication of the yacht club's new position. The two vachts were never more than about 50 yards apart around an 18.5-mile course. Conner won a nail-hiting downwind finish, with the two yachts coming to the line on opposite gybes, separated hy just one second.

Although the veteran skipper was ahoard, as always, his otegé, Paul Cayard, helmed the boat for the entire race. Normally Cayard will start the boat and steer on the upwind legs. Conner taking over for the spinnaker runs. "We didn't plan for me to steer the whale way hut it didn't seem fair to hand off the wheel in conditions that needed total concentration," Cayard commented later. "These hoats are very tough to steer.

For the past three months Cayard's performance in the 10 minutes of tight, aggressive pre-start jockeying has been crucial in keeping Stors & Strines in the war, in the fickle



breezes off San Diego it is vital to choose the side of the course likely to benefit from wind shifts. That means keeping the other guys off it.

The starts are like musical chairs, with two 80ft boats and one chair. "Paul's been able to start us exactly where f tell him all year, and that takes a great deal more talent than most people can understand, praised Tom Whidden, tactician on Stars & Stripes and Conner's closest lieutenant for over 15 years.

Onboard television cameras broadcasting the races live on the ESPN cable TV network show the three men to have a relaxed, humorous and totally focused relationship. Cayard is a newcomer to the Conner camp, having joined last December after a fruitless two years trying to raise funds for an Italian campaign.

From 1989 to 1992 he skippered the Il Moro team for the late Raul Gardini. Before Christmas he seemed more resigned than enthusiastic

about signing up with Stars & Stripes. "I don't know what role, if any, I'll have on the yacht hut long-term it seems better to be in the Cup than out of it," he said. Since then he has seemed rejnvenated. trusted by Conner (with whom he was never previously close) in a more hands-on role than he could have imagined.

lthough he can be prickly and ungracious with public and opponents, it is a sign of the huge loyalty Conner generates within his crews that he can bring a star like Cayard into the hoat without creating resentment. "Dennis is a great manager as well as one of the world's greatest sailors," says Whidden. "He knows how to add to the programme without destabilising anything. We're having a lot of fun out there. Morale is up."

Of course, Conner wouldn't be the competitor be is if the coup of getting back into the

regatta didn't have the bonus of destablising his most likely opposition in the final, Team New Zealand. "People are driving trucks through the rules and the international jury doesn't seem to care," fumeo Peter Blake, the head Kiwi. "it seems like you can get away with absolutely anything it. this regatta. We might as well send the jury home, since they're no use at all."

Blake argues that the con-stant re-writing of the Cup regulations, and compromise solutions based on expediency rather than the letter of sailing law, is demeaning to the Cup. An event which ought to be the sport's pinnacle is being

unfairly rearranged.
"We thought there were going to be two boats in the defender final, now there are three. Can we even be sure that we'll be racing the winner?" mused an angry Blake. One thing Blake can be certain of is that Dennis Conner does not want him to be sure of

Trust the Trust

aster is when it all-begins. The ropes go up, the druggers (floor coverings) go down, and kettles are roing all over the land It is the start of the country house visiting season. This year there is a special edge to everything because the great-est country house impresario in the business, the National Trust, is celebrating its 100th

There is real cause for celebration. The trust is an enormous success. There is something perfect about those two words, national and trust: put together, they have become Britain's most successful charity. Wealthy widows and widowers all over the kingdom are ready to inscribe those two words in their wills. Nor have families needed all that much persuasion to hand over their entire patrimony to the gentlemen from the Tist; they even throw in enough money to cover running costs - for ever. Even 2m

bers.-We trust the trust. . For the last 100 years, when everything else has been transformed by the 20th century hurricane of change, the National Trust has quietly and diligently maintained more than land and houses it has nurtured the nation's soul its founders knew that there were values in Britain worth conserving, values that were almost subliminal because they seemed to represent a shared sense of order

memoers of the public pay up every year to become mem-

rooted in the land. There is still a feeling at the trust that the world prior to 1914 was a better place. Hierarchies were understood; God was more than likely an Englishman. It is a feeling that a lot of people share but are nervous about articulating. It is a shared understanding, almost an instinct, that many will feel this year as they stand in the well-kept park of a great country house with everything in its place and as it should be, thanks to the National Trust.

Rightly, this view of the trust could be seen as verging on sentiment. There is a danger of sounding like the prime minister struggling to proColin Amery looks at the guardian of Britain's architectural soul

claim his affection for England as the land of cheerful cricketers and warm beer. Tha founders of tha National Trust had a more vital view. When Octavia Hill,

Hardwicke Rawnsley and Robert Hunter created the irust a century ago they were inspired by John Ruskin shouting out for the preservation of beauty and salvation Their early actions show that they had a breadth of

vision way beyond the preservation of a feudal status quo. They did not acquire country houses at first. There was Dinas Oleu, saved for the beauty of its coast and countryside; the little Clargy House at Alfriston, for its palpable sense of age and local history; Wicken Fen, to conserve its particular natural hie. Houses came later. Barrington Court in Somerset was almost the first but I. doubt that it was seen then as the forerunner of the string of . great houses that war and taxation were to push into the protective arms of the trust.

inevitably, as the trust has grown it has changed, and size has its drawbacks. But. bureaucracy is something to be resisted and the presence. of a large workforce of volunteers is a way of saving the trust from official ossification. These volunteers sit on com-mittees at local and national level and many of them do more than deliberate. Thereare guides and conservators, needlewomen and gardeners. and the youth of the acorn camps. They are as much the National Trust as anyone at head office in London. If there are drawbacks to

size, there are dangers in constant expansion. I think Ruskin would be worried that the trust's properties could become too uniform. There is a sense of sameness developing in the trust, not dissimilar to the uniformity of Marks and Spencer's outlets. The

belief in quality, and there is something comforting in finding an identical M&S in Aberdeen and Truro. But I do not want that feeling when I visit Hardwicke and Saltram.

I think the uniformity within the National Trust comes from meticulous organisation. A visit to a trust properly is in danger of becoming a programmed experience Visitor routes are planned from car park to shop. It is all very discreet and ordered and you can be sure that the home made" teas will be as

evenly good wherever you go. What can easily be lost when an unlived-in house becomes a show place is a sense of casualness, of accidental visual pleasures, of the muddle of farms and animals. No National Trust conserva-tor can let that sense of ease pervade a house any-more and it is a loss. It is to do with real life, not conservation: knowing when to leave things alone and when to let the marks of time show. It is also to do with not making the past something to be com cialised or sentimental.

n the trust's 100th birthday, a gentle warning about the dangers of sanitising the past may be in order. But this is not to detract from tha lalmost unbelievable achievements of the century. We must bless the National Trust for the salvation of the coastline which it has encouraged and carried out through its Enterprise Neptune campaign. And I happen to think that the trust is perfectly placed to campaign in the next century. It is old enough not to be nervous; it speaks for the heart of the nation. In the next 100 years, as it guards the perfection of its landscapes and houses, it should look at the villages, towns and cities of the king-

dom too. To continue to follow Ruskin means that the trust must continue to hroaden its beliefs. History and beauty are

everywhere to be found. Now that the National Trust is so well rooted in our conscious ness it can achieve anything.

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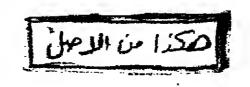
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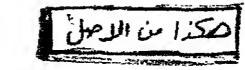
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LONDON On Wednesday the award-winning Shared Experience stage version of George Eliot's "The Mill on the Floss" comes to the Lyric Hammersmith. by Helen 🚜 🥏 Edmundson 📆 direction is by Helen Meckler and

Polly Teale, the

central role of

in triplicate by

Maggie is played

Catherine Cusacl

(lett), and Helen

WOLFSBURG This north German town, the home of Volkswagen, has recently established a niche in the art world thanks to its splendid new museum, which has a well-funded programme of exhibitions. The latest is the first European showing of "The Italian Metamorphosis 1943-68", opening on Saturday, Originally mounted by the Guggenheim in New York, this survey of Italian postwar arts ncludes more than 1,000 objects representing painting

AR'LONDON Papa Wemba (right). the Zairean singer who combines Parisian left bank chic with Afro rhythms, hosts a dance party on the South Bank on Friday, In a rare flash of inspiration, the ballroom of the Royal Festival Hall - the area in front of the bar usually used as an exhibition space - is to be opened up for late night dancing.

VERONA COPENHAGEN When Vivaldi was asked to write an opera for the inauguration of Verona's magnificent Teatro Filarmonico in 1732, he chose a libretto by Scipione Maffei about a faithful nymph - "La Fida Ninfa", On Friday the same theatre presents the work's first modem revival, conducted by American baroque specialist Alan Curtis and directed by Pier`Alli, This is likely

to be one of the

highlights of the

Italian opera season.

The summer concert season at Tivoli Gardens begins on Thursday with a popular symphony programme, and continues until mid-September with three or four events per week. Highlights in the opening month include a recital by Ivo Pogorelich and a performance of Britten's War Requiem by the Berlin Symphony Orchestra and Radio Chorus under Michael

VIENNA The Musikverein has organised a series of concerts on the theme of "Persecution and Reconciliation". focusing on music by Bartok, Schoenberg and other persecuted composers. Tonight's opening programme is played by the **Budapest Festival** Orchestra under Ivan Fischer, with piano soloist Andras Schiff. Other artists appearing over the next four weeks include Nikolaus Hamoncourt, Yehudi Menuhin, Ruggero Raimondi and Bernard Haitink (right),

The West End comes to the Wells

or well over a decade one of the recurring performances open at the end of 1997 - in time to the recurring performances at Sadler's Wells in north London featured a pleading personality asking the audience to give generously towards creating a new stage for the theatre. By some quirk of history, London's leading dance house had a pint sized stage which propelled expansive dancers straight into the pit.

The appeals never succeeded and in 1993 it looked as if the tiny stage would disappear, with the theatre. into oblivion. Sadler's Wells lacked a role - and friends. The Arts Council was hostile, Islington was poor; rich patrons regarded it as occupying the wrong side of the tracks.

As a receiving house, dependent on bookings, Sadler's Wells occasionally gave exposure to some of the more meretricious of foreign dance companies, to vainglorious theatrical ventures. Performance was patchy; the image muddy. The venue which had given birth to the two Royal Ballet companies and the ENO was almost £500,000 in debt and sinking fast.

In January the bulldozers move in: not to obliterate Sadler's Wells for ever but to create the space for a brand new theatre. In less than three years Sadler's Wells has moved from hopeless case to key player in the future plans for the lyric theatre in London and the UK.

Sadler's Wells was rescued from oblivion largely by Clive Priestley, chairman of the London Arts Board, who found some cash to tide things over. He then persuaded Ian Albery from the West End to take over as chief executive. Albery has cut costs; boosted income from bars, merchandise, etc; and introduced new clients, most notably an annual pantomime. The deficit is down to \$200,000. But the real salvation of Sadler's Wells is the National Lottery. It will pay for most of the

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£28.9m needed to build a new Wells. If the lottery is providing the cash necessity is offering the excuse. The Arts Council requires a new lyric. theatre in London, and fast. The plan is that Sadler's Wells will close

welcome the singers and dencers of Covent Garden who will need a temporary home while the Royal Opera House gets its lottery funded over-

In effect the oew theatre will welcome back the ghosts of the artists conjured up hy Lilian Baylis in the 1920s when she rebuilt Sadler's Wells. These performers went on to found our national dance and opera companies.

It is a romantic story, but there are problems. The Arts Council lottery board is adamant that any recipient of its largesse shows its mettle by raising some matching

The Arts Council needs a new lyric theatre in London. and fast, writes Antony Thorncroft

money. Sadler's Wells must quickly deliver almost £8m through its own efforts. In the event, so urgent is the need to start work on the new venue that in May it is likely that the Arts Council will approve some lottery money to pay for a feasibil-ity study and the waggon will roll. Another obstacle is that Ian

Albery is not prepared to be walked over by the Royal Opera House. If the price of lottery money is giving Covent Garden's companies temporary accommodation, he will allow the Royal Opera and Ballet short seasons at Sadler's Wells for up to 30 weeks a year. But he will keep control of the theatre, and during its own rebuilding he anticipates maintaining contact with the regular visiting companies by renting a West End theatre for them.

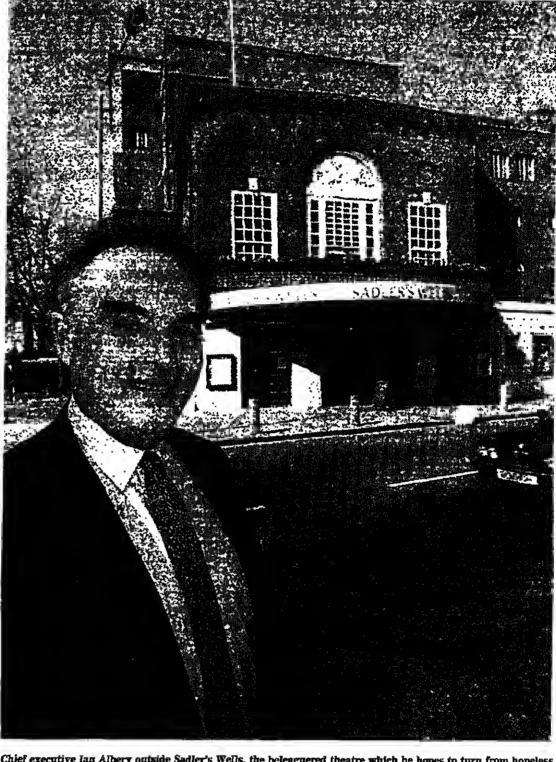
It is ironic that, after years of being put down by the Arts Council, Sadler's Wells should suddenly emerge as a favourite son. And not only as a temporary home for

Covent Garden - perhaps the ENO as well. The oew Sadler's Wells oeatly solves the perennial row over a national dance house. Albery maintains that his new flexible theatre, which can seat 1,000 or 1,600, will not be such a house; but it will be the centrepiece of a handful of venues which will service the demand for dance - the Coliseum will give up opera for around 12 weeks each year and welcome hig companies commanding 2,000 plus audiences; The Place and Riverside will cope, as now, with smaller troupes. And Sadler's Wells will the continue to host the mainstream. Perhaps, Albery muses, around the year 2005, if the dance audience merits it, a new, purpose built, dance theatre may emerge.
In the meantime he fusses over

the designs for the new Wells. The original plans were savaged by English Heritage, perhaps irritated that a listed building will disappear. The new theatre is an impressive mix of terraced Georgian pastiche to suit the neighbourhood, and a striking wall of glass at the entrance, which can be switched instantly from transparent to opaque. The glass can be coloured. so, if a flamenco group is appearing. the front of the theatre will glow red; if Lindsay Kemp, pink, etc.

Passers-by will see art works in the foyer and Albery has plans to suspend works of art 50ft wide over the audience, visual tasters of the spectacles to follow on stage. The ceilings and walls of the auditorium will be mobile and also able to change colour at a switch. The stage, of course, will be enormous, with perfect sight lines.

Albery himself turns in a good performance - but then be has a background as a West End showman. What makes all this likely is that it fits in with the broader plans of the Arts Council which like the London Arts Board, is making cooing noises about Sadler's Wells. That is the joy of lottery funding if the will is there it can turn every-



thing, even Sadler's Wells, into Chief executive Ian Albery outside Sadler's Wells, the beleaguered theatre which he hopes to turn from hopeless case to key player with the help of lottery cash

Opera-singers - even great tenors do not belong in football stadiums. It is always a joy to hear Luciano Pavarotti at Covent Garden, a middle-sized opera-house by international standards, and meet the voice as nature intended, rather

than via microphones and sound-Not that Pavarotti has much need of londspeakers. How this voice projects! Although he is not classed as a beavy Italian tenor, Pavarotti can still seem to prodoce more vol-ume than larger voices standing next to him (I recall sitting in the back row of the amphitheatre when he came to sing in Aida and think-

Luciano Pavarotti: Un ballo in maschera

ing he sounded a couple of feet away). Even with his 60th birthday coming up, the voice is as glorious as ever and moves from note to note with a liquid elegance that few others try to equal.

Over the years Verdi's Un ballo in maschera bas been one of the operas he has kept at his side, not just because the music lies well for him, but also because audieoces want to see him in an opera where the tenor bolds centre stage. Pavarotti has sung it at the Royal Opera

House once a decade: in 1976, fresh, bright-eyed, full of bonhomie; in 1981, more serious and tragic (a franght revival, when be was

paired with Caballé). The 1995 Pavarotti is still vocally in his prime, but has decided he wants to make Sweden's Gustavas III more of a character than he did before. Alongside phrases which are carefully shaped (a fine last aria despite a frog in his throat) are others where he has become cavalier about the notes, putting the music across with the vocal equivalent of a characterful flourish. In general, Pavarotti gives the impression of enjoying himself bugely on stage, compensating for a lack of mobility by acting away to his beart's cootent on the spot.

Faced with this larger-than-life figure swatbed in voluminous cloaks of varied bies, the other principals seem to bave taken fright and only dared to creep gingerly towards the limelight when the tenor was not around. Deborah

Voigt, in her Covent Garden debut, made no impression at all until the last act, when she started to sing with more confidence; but even then ber well-schooled, bright, American soprano lacked passion and involvement. Giorgio Zancanaro's Anckarström was a disappointment, devoid of personality, lacklustre of voice, despite trying to deliver a knock-out punch in his last-act aria.

Florence Quivar played Madame Arvidson without melodrama, but

it was left to Lillian Watson's perky Oscar, eyes and top ootes a-twinkle, to remind us that these should be five roles with which top international singers cannot go wroog. Edward Downes, soon to spearhead the Royal Opera's Verdi festival, has become a more idiomatic Verdi conductor than some young native Italians these days. On May I the cast will be decamping to give a concert performance in the Royal Albert Hall - not quite a football stadium, though probably as close as central London can

Richard Fairman

Theatre in London Our Boys

ny ooe of the injured soldiers in Our Boys. Jonathan Lewis's soperbly writteo, very funny play aboot life in a military hospital, could be the subject of a tragedy. There is Keith, the Orangeman whose RUC father was blown away by a gunman, hot who joined the army "because It was a joh" and who now suffers from a mysterious dead leg and a bitter attitude; there is Parry, the soldier who lost his toes to frosthite after following incompetent orders, but is so scared of being thrown out onto "civvy street" that he is prepared to compromise his hooour and his mates to stay in the army; there is lan, the squaddie shot in the bead in Belfast and, when we first see bim, pathetically incapacitated in a wheelchair.

But Lewis's intelligent play, now at the Donmar Warehouse, works hy inversion and spriogs clever surprises. His play is fuelled by fury at a system that demands complete loyalty, but spits people oot when they are maimed by their duty, and that gives inadequate psychiatric support to soldiers severely tranmatised hy war. Yet, where you expect sorrow, he gives you comedy, and where you expect didacticism, be employs neat plot twists to make his points.

Much of the play is taken up with amiable humour and laddish banter, and not a great deal really happens. A potential officer moves into the bospital bay (presumably the Lewis figure, since the play is based on his own experience), raising the spectre of "us and them". The lads play a cruel prank on one soldier with romantic Illusions. A birthday party for lan goes wrong when they give him a stupidly inappropriate present. And an inoffensive but rule-breaking drinking game provokes a crisis that reveals the desperation of one character.

In among the witticisms a comic carry on, there are some terribly poignant scenes; few would forget the hearthreaking sight of the strapping Ian cramming birthday cake clumsily into his month, like a toddler (a wonderful performance from Jake Wood). But - and this is Lewis's most telling inversion - Ian, the most obvious physical focus for our sympathy, is not the most damaged man.

It is Joe, the charming, boyish, confident leader of the bunch, who seems to be physically least maimed, who is really scarred for life. A horseguard injured in the Hyde Park bomb, Joe conceals a deep psychological wound beceath his bonhomie. Lloyd Owen's excellent performance brings off beautifully the play's change of gear at the eod, when Joe finally reveals his pain and describes, with terrible vividness, the trauma of witnessing bis colleague's appalling death. This, the play's forious sting in the tail, is skilfully engioeered.

Sarah Hemming



BERLIN

Altes Museum Tel: (030) 203 55 0 Munch and Germany: exhibition of early works by Norwegian artist Edvard Munch and German artists that were influenced by him; to Apr

Deutsches Historische Tel: (030) 215 020

 Art from the GDR 1949-1990: exhibition that looks at politically commissioned art in the old German Democratic Republic; to Apr 18 OPERA/BALLET Deutsche Oper Tel: (030) 34384-01

 Carmen, Flamenco: guest performance by the Ballet Teatro Espanol di Rafael Aguilar, 8pm; Apr 19, 20, 21, 22 Onegin: music by Tchaikovsky.

Premiere at this venue. choreographed by John Cranko, produced by Reid Anderson and Jane Bourne; 7.30pm; Apr 18

■ FRANKFURT OPERA/BALLET Arte Oper Tel: (069) 1340 400 Grāfin Mariza: by Kálmán. Premiere of the Budapest Opera Theatre production; 8pm; to Apr 22

LONDON

CONCERTS Barbican Tel: (0171) 638 8891 The orchestra of the Royal Opera House: with soprano Angela Gheorghiu. Christian Thielemann conducts Wagner, Mozart and Strauss; 7.30pm; Apr 24 Queen Elizabeth Hall Tel: (0171)

928 8800 • The London Philharmonic: with the Hilliard Ensemble and tha London Philharmonic Choir. Roger Nomington conducts Part, 7.30pm;

Apr 23 Royal Festival Hall Tel: (0171) 928

8800 Lazar Berman; planist plays Beethoven, Chopin, Janáček and Liszt; 3:45pm; Apr 23 Royal Philharmonic Orchestra Yuri Ternirkanov conducts Shostakovich's "Symphony No.1" and Tchaikovsky's "Symphony No.5"; 7.30pm; Apr 22 The London Philharmonic: a

concert performance of Gilbert and Sullivan's "lolanthe". With conductor Roger Nomington and Includes soloists Alison Hagley and Sarah Walker: 7.30pm; Apr 18

 Yakov Kreizberg: conducts the Bournemouth Symphony Orchestra and pianist John Lill to play Debussy, Stravinsky, Krenek and Beethoven; 7.30pm; Apr 20

GALLERIES British Museum Tel: (0171) 636 Byzantium: treasures of Byzantine art and culture from

British collections; to Apr 23 (not Sun)

Hayward Tel: (0171) 261 0127 Yves Klein: more than 110 works conveying the full range of his output from paintings and sculpture to installations, events, architectural schemes to stage and film scenarios; to Apr 23

OPERA/BALLET English National Opera Tel: (0171)

632 8300 Don Giovanni: a new production of Mozart'a opera. House debuts for director Guy Joosten and conductor Markus Stenz; 7pm; Apr 20, 22 Royal Opera House Tel: (0171) 304

4000 · Peter Grimes: by Britten, Directed by Elijah Moshinsky and conducted by Edward Downes; 7.30pm; Apr 19.

 The Prince of the Pagodas: by Britten. A Royal Ballet production choreographed by Kenneth MacMillan opens a Benjamin Britten "mini festival" at the Royal Opera; 7.30pm; Apr 20

■ NEW YORK

CONCERTS Alice Tully Hall Tel: (212) 875 5050 Briggite Fassbaender: mezzo-soprano with planist Jean-Yves Thibaudet plays Mahler, Reimann, Liszt, Mihaud and Weilt; 8pm; Apr 23 (2.30pm)

 New York Philharmonic: with conductor/harpsichordist Leonard Slatkin and mezzo-soprano Frederica von Stade plays Poulenc, Debussy, Argento and Copland; 8pm; Apr. 20, 21 (2.30pm) Carnegie Hall Tel: (212) 247 7800 Jessye Norman: soprano in her

only New York recital of the season;

 London Symphony Orchestra: with violinist Anne-Sophie Mutter and soprano Laura Aildn. Pierre Boulez conducts Ravel, Webern, Berg and Boulez; 8pm; Apr 22 London Symphony Orchestra: with soprano Maria Ewing. Pierre Boulez conducts Boulez, Messia

and Stravinsky; 3pm; Apr 23 San Francisco Symphony Orchestra: Herbert Blomstedt conducts Nielsen, Sibelius and Strauss; 8pm; Apr 19

 San Francisco Symphony Orchestra: with pianist Peter Serkin. Herbert Blomstedt conducts Beethoven and Schubert, 8pm; Apr

GALLERIES Metropolitan

· Nadar: the first major survey of photographs by Felix Tournachon Nadar (1820-1910), the celebrated portraitist of mid-19th century Paris. The exhibition comprises of approximately 100 vintaga prints; to Jul 9

Museum of Modern Art Tel: (212) 708 9480

 Helen Chadwick: Bad Blooms: the English artist's most recent photographic series comprising of 13 large photographs of flowers in a variety of viscous liquids; to Jul 1

OPERA/BALLET

Metropolitan Tel: (212) 362 6000 Parsifal: by Wagner. Produced by Otto Schenk, conducted by James Levine: 6.45pm; Apr 19, 22 (12.00pm)

 The Ghosts of Versailles: by Coricliano. Produced by Colin Graham, conducted by James

Levine; 8pm; Apr 18, 21

PARIS

CONCERTS Châtelet Tel: (1) 40 28 28 40 Orchestra of the Deutscha Oper Berlin: with pianist Bena Bashkirova, soprano Alessandra Marc and mezzo-soprano Uta Priew. Daniel Barenboim conducts Beethoven's "9th Symphony"; 8pm; Apr 21 Champs Elysées Tel: (1) 49 52 50

National Orchestra of France: with violinist Sarah Chang and conductor Charles Dutoit plays Ravel, Lalo and Stravinsky; 8.30pm;

Salia Pleyel Tel: (1) 45 63 88 73 Radio France Philharmonic Orchestra: with soprano Birgit Remmert, and bass Bryn Terfel. Richard Hickox conducts Mendelssohn; 8.30pm; Apr 21

GALLERIES Centre Georges Pompidou Tel: (1)

42 77 12 33 Constantin Brancusi: first French retrospective of the Romanian born sculptor and painter who spent 50 years in France. The show offers a chronological and thematic look at 103 sculptures, 38 drawings and 55 photographs; to Aug 21

OPERA/BALLET Opera National de Paris, Bastille

Tel: (1) 47 42 57 50 Iphigénia en Tauride: by Gluck. Conducted by Graeme Jenkins, produced by Achim Freyer, Sololsts include Carol Vaness, Anthony Michaels-Moore and Keith Lewis; 7.30pm; Apr 18, 20, 21, 24 Lucia di Lammermoor: by

Donizetti. A new production by Andrei Serban. Maurizio Benini and Roberto Abbado (from April) conduct the orchestra and chorua ot the Paris National Opera; 7.30pm; Apr

THEATRE

Petit Odéon Tel: (1) 44 412 36 36 Cat and Mouse (Sheep): written and directed by Gregory Motton, a satirical look at present-day England. The first in a season of plays in English; 8.30pm; to Apr 23

WASHINGTON CONCERTS

Kennedy Center Tel: (202) 467 4600

 National Symphony Orchestra: with conductor/violinist Iona Brown plays Strauss, Haydn, Vaughan Williama and Mozart; 8.30pm; Apr 18 (7pm)

National Symphony Orchestra: with conductor/violinist Iona Brown plays Mozart, Bach, Barber and Handel; 8.30pm; Apr 20, 21, 22 St. Luka's Orchestra: with planist Elizabeth Mann. André Previn conducts Prokofiev, Mozart and Beethoven; 3pm; Apr 23

GALLERIES

National Gallery Tal: (202) 737 4215 The Glory of Vanice: axhibition presented by the National Gallery of Art and the Royal Academy of Arts, London containing works by 18th century Venetian artists. Included are paintings, drawinga, pastels, prints, illustrated books and sculptures by artists auch as Canaletto, Piranesi, Piazzetta and Guardi: to Apr 23

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Midnight Financial Times Business Toniaht

be man from Trafalgar House peers out of the joying a recovery," says Jeremy Beeton, managing director of Cleveland Structural Engineering, a Trafalgar subsidiary. "I'm just not sure who it is."

He is not joking. His company, which has been turning out monnmental steel structures at Darlington, County Durham, for more than a century, has a fight on its hands even in recovery and a future that seems less than assured. Now working on a bridge for Hong Kong, its UK plant is operating at only 60 per cent of capacity; its workforce is down to 700 from a 1990s peak of 1,100; and Beeton is wondering where to find the next job once the Hong Kong business winds down.

There will be work - collaborations in the Far East, even the odd picking in the UK construction husiness. But too often, Beeton says, "it's cheaper for me to decide not to take on a joh and tell a hundred workers to go home than it is to take on the husiness and lose money...I worry about what the guy who comes to work on his hicycle is going to do."

A few miles down the road in Middleshrough, on a hleak postindustrial site on the bank of the river Tees, Colin Scarsi is untrouhled hy such concerns. His Greeo Tyre Company, which manufactures "environmentally friendly" tubeless tyres out of microcellular polyurethane, is just three years old but is selling in 22 countries and

cannot ship its wares fast enough.

A new production line will increase output more than sevenfold – all with a workforce of 19 that is unlikely to rise much. Scarsi, who makes up to 25 foreign trips a year, sleeps in the factory and seeks to infect staff with his enthusiasm. "If we'd only tried to scratch away in the UK, we couldn't pay the rent, We needed a higger market."

Many contrasts

Two snapshots, from a two-week trip around England talking to businesses of all shapes, sizes and sectors; two extremes of the patchy recovery the UK bas been exhorted to enjoy for the past two years.

My fortnight revealed many such contrasts: at one end, retailers and consumer goods manufacturers in hand-to-hand combat over a listless domestic market; at the other, engineering companies confidently investing in long-term relationships with customers at home and abroad in some places, businessmen are convinced they are witnessing the start of a new golden age for UK manufacturing and exporting, blessed with low interest rates, low inflation, and competitive and compliant labour; in others, they voice all the old worries about UK companies' reputed focus on the short term at the expense of the

it needn't be

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Andrew Gowers finds companies around the UK experiencing varied fortunes

Snapshots of a rocky recovery

nomic place in the world.

Aaron Jones is both a doubter and a believer. Head of operations at Massey Ferguson, the tractor manufacturer at Coventry in the West Midlands, he is emerging from the worst worldwide agricultural downturn in 60 years.

Between 1990 and 1992, the company shed a third of its white-collar staff and one in eight of its factory workers. This year, production –
mainly for export – will be 50 per
cent above the 1992 low, and the
company's new owner. Ageo of the US, is considering a £15m (\$24m) investment in a new tractor range. Jones cannot quite believe his

luck. "Since things started picking up in the summer of '93, it's been relentless," he says. "The big question in people's minds is: how long can this go on? We're all sitting round and saying: 'It can't go on like this, it can'L'

His caution is not just rhetorical. He has been recruiting workers again, but initially only on three-month contracts. He is determined to avoid contributing to another boom-hust cycle. "The worst thing would he for me to recruit like stink and then lay off everybody again when things turn down."

A similar besitancy is in evidence 60 miles north at Cegelec, the Stokeon-Trent systems engineer. Once owned hy GEC and now hy Alcatel Alsthom of France, its husiness fluctuates with manufacturing investment. It is now beginning gingerly - to think about planning for growth. But margins are tight. and the competition intense.

"The marketplace is difficult." says John Seed, managing director. "People talk about the end of the recession. But there simply aren't people huilding whole new greenfield sites looking for multi-million pound investments. Instead, people are investing in refurbishment and one-off purchases.

They need to be convinced that growth can be sustained, that by making an investment you will sustain growth, not create something that in 1998 will seem like another white elephant."

Short-termism

Everywhere the pressure for quick returns remains acute. in spite of the Bank of England's best efforts, the spectre of short-termism continues to stalk the land. Over dinner in Birmingham, senior West Midlands industrialists explain their reluctance to make long-term commitments. They complain of skill short-

ALL GREEK TO YOU?

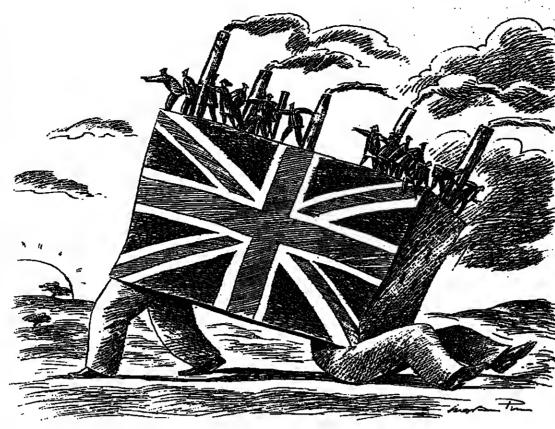
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ages, of pressure on margins and prices from soaring raw material costs, of the next inflation that they fear is just round the corner.

"When I'm making an investment, I would expect a full return in no more than three years." says one. "Nobody trusts the scenario beyond that - on inflation, or finding trained workers, or infrastructure, or anything. Given past experience, who can hiame them?"

Such sbort time horizons can in part be explained by the peculiarities of the market. Businesses remark on the patchiness of demand and the denuded state of their forward order-books. "What strikes me is the market's volatility," says Robert Davies, owner of City Engineering, a Bristol-based sheet metal fahricator, "Month to month and week to week, it's like a tan turned on and off."

Another universal preoccupation is raw materials. There can be no business in Britain that has not felt the upward pressure on international commodity prices: rubber, aluminium and some plastics up by 100 per cent in a year, steel delivery times as long as 26 weeks.

"It's absolutely frightening," says John Laycock, managing director of

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Brandon Hire, an acquisitive west country equipment hire company with a sideline in trading in nuts and bolts. "Last summer there was no problem in getting stocks. Now there are terrific shortages and delivery delays. Bolts went up by 9 per cent in November, another 35 per cent in January, and there's another rise coming in May."

Encouraging signs

How, then, does this recovery differ from previous turns of the UK post-war economic cycle? Notwithstand-ing the donhts, my fortnight yielded some encouraging signs.

One is the number of companies small husinesses included involved in exporting, and squaring up to international competition. The Green Tyre Company of Middlesbrough is an example. So, 30 or so miles north at Sunderland, is Edwin Trisk Systems, a small manufacturer of paint drying machines. Founded in 1988 with export markets in mind. Trisk now has annual turnover of 26m and sells to 40 countries. Robert Kilsby, the man-aging director, who turned the com-

exchange rate mechanism, and by the UK's competitive labour and production costs. But he also believes small companies no longer see selling abroad as any great mystery: "The world has shrunk so much in the last 10 years." in Newcastle upon Tyne, Metal

sterling's exit from the European

Spinners, an older fabrication company, bears him out. "Before, we used to export only when people came along and placed an order," says Cliff Blake, managing director. 'Now we look to make exports a definite percentage of our business. We're not scared any longer to jump on a plane and go to Ger-

Exporting is one way for compa nies to gain protection against the domestic cycle. Another is cost control. Raw material costs must be passed on or offset by cuts elsewhere wage rises more than paid for by productivity improvements. "Cost-cutting is no longer a one-

off," says Steve Willcox, chief executive of Avon Rubber, a Witshireoased tyre and automotive components manufacturer. "We have to continue to find ways of eliminating pany round after it ran into trouble in 1992, says be has been helped by costs that oo not add value to the product," he says. "We bave our factories all the time."

As important, though, is the fact that many UK businesses seem more focused on what they should and should not be doing than they were 10 or even five years ago.

Partly this reflects the shrinkage of conglomerates and the rash of specialised, professionally run management buy-outs spun off from them in the late 1980s. It also reflects "outsourcing" by big companies that realise it can be more cost-effective to buy a service from a smaller specialist provider than to perform the task themselves.
Some of the UK's fastest growing

companies are involved in this trend: Colleagues, for example, is a recently floated direct marketing company based in Bath. Started eight years ago, it generated turn-over of £36m last year in return for relieving companies of the hassle of organising giant mail shots and direct response campaigns. "Our main competitors are the internal marketing departments of our clients." says James Robson, chairman. "We broaden the range of sup-pliers available. And because we buy such things as printing services in large volumes, we can do it very cost-effectively."

Companies like Robson's operate by definition on an international scale. Their clients are often big multinational companies looking for long-term relationships with a relatively small number of special-ist service providers. They see the UK not as their target but as a strong base from which to serve the single European market.

They are not wholly in favour of the European Union, however, they are terrified of the possibility of higher social costs imposed from Brussels. A large majority of the businessmen I spoke to strongly supported the government's opt-out from the social chapter. It was the only party political point any of them made with any force otherwise, most seemed to treat the idea of a Labour government with some-

thing approaching equanimity.

Parkside, the Leeds packaging producer, is another company with plans predicated on consolidating close alliances with a group of large multinationals. "Mars, Nestle, BSN, Coca-Cola - these people are all thinking pan-European." says Geoffrey Stewart, managing director. "To work with them you have to be able to deliver labels to wherever the Coke is being bottled, in time that may mean building manufacturing plants abroad."

Such relationships are vital to

generate confidence to invest. Our machinery is made for volume. That means forging alliances with That means lorging amanes with manufacturers who pay on time."

The motor components industry is probably the most advanced example of this approach in their drive to cut costs and gain economics.

mies of scale, car manufacturers are simultaneously intensifying their relationships with suppliers and reducing the number of component companies they deal with.

Avon Rubber, mainly a tyre producer 10 years ago, now has 45 per cent of its turnover in vehicle components such as hoses, and is building close partnerships with the companies it supplies. Much of this business is on long-term contracts with built-in volume increases and price reductions, and the customer works with Avon on reducing costs, to some, it happily npens its books to reveal the profit margin it plans to make on their business. You wouldn't necessarily hand over the credit card on the first date," says Steve Willcox, chief executive. "But we expect our customers to allow us to make a decent return."

nother old-established company investing to increase its share of this business is Wagnn Industrial Holdings of Telford, Shropshire. John Hudson, chief executive, says it entails longer-term thinking than UK industry has frequently been credited with and detects the influence of foreign investors in Britain at work. "Many of the end users are saying: You either work with us on a long-term partnership hasis or not at all.' As a result, much of our investment writes itself. If a car company that we are supplying doubles demand. we just have to put in the capacity.

Japanese investment, he says, has affected attitudes throughout the UK car industry. "Car companies here used to have three to four suppliers for everything as an insur-ance against bad industrial relations. Japanese style single supplier partnerships give us greater volume

in return for guaranteeing supply. Hudson is not alone in identifying a change in industrial attitudes. and in attributing it in part to inward investment in Britain over the past decade. "Ten years ago people in the engineering industry. were intensely suspicious of foreign investment," says a Birmingham industrialist, "Now these same peo-ple pull out their braces with pride and boast that they have a contract to supply Toyota in Burnaston."

If the optimists are to be believed, such confidence could prove infections. But there will be casualties along the way. And the sceptics are wondering how long the current propitious circumstances can continue, or how many UK companies are investing beavily or cleverly enough to merit the title "world

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine').

Translation may be evaliable for letters written in the main international languages.

Limits to EU works | Accounting move should council agreement

April 131, in querying elements of Robert Taylor's assessment of the European works council directive, is right to say that the subsidiary requirements of the European works councils directive "need never be applied" if companies conclude an agreement on consulting

and informing their entire European workforce. Trade unions across Europe, grouped through their European industry committees, affiliated to the European Trade Union Confederation. have demonstrated their willingness to enter into such negotiations. A growing number of agreements is testament

However, the directive's article 13 does not give carte blanche to validate any arrangement that an employer Bld. Emile Jacqmain 155, may have decided upon. It B-1210 Brussels, Belgium

refers only to agreements which are negotiated between Sir. Zygmunt Tyskiewicz of Which are negotiated between Unice. the pan-European employers federation (Letters. body and central management, which provide for transnational information and consultation, and which cover the entire workforce.

If these conditions are not satisfied, the proper step will be for 100 employees (or their representatives, in at least two member states to request the establishment of a special negotiating body (article 5.1). If the employer refuses to

judge and jury on this matter? Emilo Gabaglio. general secretary.

ETUC,

co-operate, the legal challenge will be made in the courts of the country where the Euro-

pean beadquarters of the company is located. Presumably. Unice is not claiming that the directive provides for the employer to be

A mistaken act of faith

From Mr John Porry. Sir. Alan Greene (Letters, April 3) exhorts us to pin our faith to the Commonwealth, where vitality and tolerance rule. Has he been to Nigeria or Sierra Leone recently? I think I would prefer to have a ring fence huilt around Europe and drive (on the right) to the bank to cash my D-Marks in security

rather than try the same trip

to the bank in. say, Banjul. As for the pound being pegged to the dollar, Mr Greene will soon he getting DMI for £1 when he goes to Germany and won't even be able to buy his FT.
Little England or Great
Britain? It's no contest is it? John Parry. 1 Chemin de la Batie,

1213 Geneva, Switzerland

A.H. Hermann.

the Polish, Czech, Slovak and Hungarian armies and indus-

increase confidence in value of hotel shares

From Mr R.N. Chisman.

Sir, Your Lex column discusses an initiative to improve accounting for hotels in the UK ("UK hotels". April 7). This is a sensible initiative for our industry, but there is nne misconception that may require to be corrected.

The initiative arose from the recognition by a number of financial directors in the industry that, while the accounts of hotels may be produced within recognised accounting standards, there was a lack of credibility centred on areas like capital expenditure, depreciation, repairs and maintenance, and property valua-

The problems are largely of perception. For example, at Stakis, we aim to produce reliable accounts and endeavour to explain them comprehensively to the investment com-

I believe that the issue has been grasped by Stakis and Forte, which are funding a project to be driven by Pannell Kerr Foster, a leading firm on accounting matters within the hotel industry. A project team has been set up which includes representation from the investment community and auditing practices but not the hotel

industry.

Hotel financial directors will be consulted but it was felt important that, given that the aim is to build credibility, It should be clearly seen that the industry is being given guidance and is not making its own

The result of the initiative, due later this year, will offer guldance on recommended practice in these areas of accounting. I have a concern, exacerbated by your article, that it is taken as a foregone conclusion that hotel companies will depreciate their properties as a result of this initiative. The parallel with food retailers was cited.

It is not a foregone conclusion that this will be the case, although it is one possibility. What is important is not that any particular accounting policy be adopted but that the playing field be levelled so that there is clear understanding between the producers nf accounts and the users that tbe recommended practice gives a true and fair view. With adequate transparency of explanation, the investment community will then be able to bave greater confidence in Its valuations of hotel company

shares. As was mentioned in the Lex article, none of this abould alter the share prices of hotel companies, but it should remove some uncertainties and, if there are any left, it should expose those companies which have suspect practices. financial director.

Stakis, 3 Atlantic Quay, York Street

For and against extending Nato to central European countries From Dr A.H. Hermann.

Sir, If Ian Davidson is right in his defeatist view ("Nato looks east", April 12), we had all better start buying warm clotbing for the Siberian gulags. Davidson suggests that the Russians, in the absence of a US nuclear umbrella, might roll on to the Elbe if central European countries become part of Nato. But surely they will do so even faster if Nato. by not extending to the east, gives them a green light to do so. And in that case, they would not stop there. Their superiority in conventional 14 Faurley Road, forces will grow as they absorb London NW6 SH1, UK

Fortunately, the "Little

Europe" view Davidson adopts - French model 1995 – is absurdly simplistic. In reality, and in spite of their present rhetorical bombast, the Russians will be glad to have a peaceful frontier in the west, to be able to concentrate on the defence against the Islamic tribes in the south and the Chinese superpower in the far

warn us about the dangers of extending Nato membership to states which were once memhers of the Warsaw pact. It would in all probability wreck the one treaty which sets a limit to Russia's conventional military forces.

The treaty on conventional forces in Europe was a "blocto-bloc" treaty. It was designed to provide a kind of balance between Nato and Warsaw pact conventional forces in Europe.

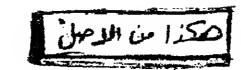
It is obvious that if a number of the old Warsaw pact states

moves explicitly to the other side, so that their military capability is edded to that of Nato, Russia would be fully justified in saying that the treaty was no longer valid. What would happen then?

The limits on Russian conventional military capability would be removed. We would be back to competitive rearmament in Europe, with a new dividing line. We would have recreated the Russian threat. Is it possible that our politicians could be so silly? Frank Blackaby, 9 Fentiman Road London SW8 ILD. UK

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FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Tuesday April 18 1995

Yen relief must begin at home

For months, the Japanese government has portrayed itself as the victim of the vagaries of the foreign currency markets and the neglectful policies of its western allies, especially the US. That Japan is the country with the most to lose from a failure to curb the yen is not in doubt. But a government that merely gestures at its problems at home can hardly expect those abroad to

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behave any differently.

By rights, the attempts by the Japanese authorities to convince investors of their desire to see a lower yen should stand a better chance of success than corre-sponding US efforts. The benign short-term effects of a declining dollar for the US domestic economy mean there is relatively little support for decisive policies to reverse the trend. In Japan, by contrast, the yen's near 22 per cent rise against the dollar since the start of the year is now threatening to send the domestic economy into a tailspin.

Exporters - who complain the loudest - may be able to cope with the effects of the currency a appre-ciation rather better than they let on. Yet when set against a backdrop of weak consumption, falling asset prices and the Kobe earthquake, further cost-cutting in the traded sector could well mean a fourth year of meagre, or even negative, growth in the Japanese economy this year.

Despite their clear interest in pushing down the yen, neither the Bank of Japan nor the ruling the Japanese govarnment is to coalition, has managed so far to convince investors that it is pre- among investors or from its allies.

pared to do more than talk about it. The central bank relented a little last week with a long overdue reduction in the official discount rate. Yet rather than symbolising a decisive shift in economic policy, it mainly served to minimise the damage of further government

pusillanimity

Even at the historically low rate of 1 per cent, Japanese interest rate policy remains little looser, in real terms, than in the US. The real interest rate is probably close to 2% per cent, compared with a real US federal funds rate of a little over 3 per cent. While doubt-less reluctant to lower rates any further, the Bank of Japan ought nonetheless to commit itself to intervening, without limit, against the yen. Yet even this will achieve little until the government acts to boost the economy through public works programmes and, crucially, much faster deregulation.

The long-awaited package of measures to free up the economy announced at the end of last month failed to deliver the second of these: the emergency economic package unveiled by Mr Masayoshi Takemura, the finance minister, offered an equally weak promise of the first. The government says it will speed up implementation of both the five-year deregulation plan and a 10-year, Y630,000bn public works programme, but has given little indication of how, or when, either will occur. More detail, and more determination, will be required if gain the credibility it needs, either

School strikes

Year after year Britain's National Mrs Shephard must confront. She Union of Teachers, the largest teachers' union, brings its profession into disrepute. This year's annual conference at Blackpool has plumbed new depths. A small minority bounded Mr David Blumkett, shadow education secretary. in a disgraceful fashion. But a majority of delegates may do the cause of education greater harm today by supporting strikes in support of smaller class sizes. ...

Smaller classes are desirable, but teachers who believe that campaign for them deserve outright condemnation. Strikes are also poor strategy, since they can only damage the cause the delegates claim to espouse.

Mr John Major and Mrs Gillian Shephard, education secretary, have all but admitted that tha education budget has been squeezed too tightly, and that it can expect to fare better next year. Mrs Shephard has also taken significant steps towards teachers on non-monetary issues such as testing and the curriculum.

Strikes will bitterly divide the teaching profession, plunge state schools into months of chaos, and destroy the united front of parents, teachers and governors that has brought ministers to realise that thay cannot continue to expect local education authorities to meet new responsibilities with-

out adequate government funding. Months of disruption in schools will also push even further into the distance the three other cru-cial education challenges which

must implement the government's pledge to introduce nursery provision for all four-year-olds whose parents want it. She needs to tackle the problem of failing secondary schools. And she cannot continue to ignore reform of post-18 student finance.

A report from the Organisation for Economic Co-operation and Development last week highlighted a critical aspect of the funding problem. The UK is close to the OECD average in its educastrikes are an appropriate way to tion spending as a share of gross domestic product. Yet it is at the bottom of the OECD league in state spending on early childhood education, while spending far more per head on post-18 education than any other EU country. This is a serious misallocation

of resources. Students make no contribution to the cost of their tuition. They can and should do so through some form of "graduate tax". Some form of repayment of this kind would help make statefunded nursery education sustainable. As an immediate priority, Mrs Shephard should invite a range of public and private providers to submit schemes and engage in local pilots.

A small number of secondary schools, mainly in inner-city areas, are chronically failing. Mrs Shephard has been reluctant to use her statutory powers to replace their managers, doubtless for fear of upsetting the teachers' unions. But that is something she will not be able to avoid; however sound her policy.

Nuclear powers

The US has mustered a formidable army in its effort to win an indefinite extension to the Nuclear Non-Proliferation Treaty. As tha month-long conference to debate the future of the NPT opens in New York, the US and other nuclear weapons states seem to have the support of about 100 of the treaty's 170 signatories for the proposal to make the 25-year-old treaty permanent. Non-aligned countries, led by Mexico and Egypt, can only muster 30-40 states in favour of a more limited extension to the treaty. Since only a simple majority of countries is required to decide the issue, the argument would seem to be won.

The weapons states have some powerful arguments to back their position. By the acid test of esults, the NPT has been effective in slowing the spread of weapons technology. The US can also argue that progress is now being made towards cutting the bloated US and Russian nuclear arsenals, and that a comprehensive test ban treaty is finally on its way....

Yet there are still reasons to consider a more limited extension in the treaty. A limited extension arrived at by consensus would give the NPT greater moral anthority than a narrow majority for an indefinite term. There are also good arguments for leaving non-weapons states with some sway, and for keeping weapons states feet to the nuclear fire. vilome non-aligned countries fear, perhaps justifiably, that unlimited extension would give weapons

warheads and ignore further steps towards nuclear disarmament. Knowing they have to face a further test of their good faith might provoke greater efforts.

Limited extension might encourage the nuclear powers to account for their nuclear stockpiles more fully and negotiate a tougher limit on the production of explosive plu-tonium and enriched uranium. A firm clamp on fissile materials would be one of the most effective ways to prevent nuclear proliferation. Yet only limited talks on banning production of further fissile materials for explosive purposes are planned, and then only once the NPT is renewed.

More needs to be done, not only to prevent more bomb material from being made, but also properly to account for existing stockpiles and bring them under international safeguards. Efforts also need to be made to curb production of reactor grade plutonium, produced by plants such as the £3bn (\$4.8bn) Thorp plant in the UK, since this can be converted to

bombs using modern technology.

A limited 25-year extension might even see some regional disputes resolved, bringing further signatories to the treaty. If a comprehensive Middle East peace settlement were to emerge, for instance, a limited NPT might focus some minds in Washington on the need for Israel to join the non-proliferation club. An NPT growing in authority towards a further review would be better than a fixed treaty which was losstates carte blanche to keep their ing its power.

Chasha House, a café in Tokyo's Ginza sbopping district, priced a cup of coffee at the yen equivalent of a dollar, whatever the exchange rate.

It could just about make a profit when the dollar first fell to less than Y100 last June. But when the US currency and Chasha's price touched a record low of nearly Y80 last week, the coffee shop was unable to bear the losses any longer. Now it charges a fixed Y100.

Chasha's predicament captures the mood of Japan's economy. There is a growing sense, from bars to boardrooms, that the yen's relentless rise - by nearly 22 per cent so far this year - hurts much more than did previous spikes in the past 25 years.

It might, say pessimists, bring a premature end to an already weak economic upturn, by squeezing export earnings and helping, indi-rectly, to push down domestic prices. Even before the yen's recent advance, the recovery looked wob-bly, with a 0.9 per cent decline in gross domestic product from the third to the fourth quarter of last year, leaving growth for the whole of 1994 at only 0.6 per cent.

Economists in Tokyo, even optimistic ones, have been downgrading 1995 Japanese economic growth forecasts in recent weeks. The range goes from Salomon Brothers Asia, forecasting a mere 0.2 per cent rise in GDP, through a market average of 1.8 per cent, to the govern-ment's Economic Planning Agency, with a 2.8 per cent forecast. Even the agency, well known for unbe-lievable optimism, admits that its target has been "blurred" by the

Last Friday's government package, proposing an unspecified increase in public apending and promising further economic deregulation, has only deepened the mal-aise. Japan's continued political turmoil ensured that the plan was so weak and devoid of detail thet Mr Yasuo Matsushita, governor of the Bank of Japan, had to apply, probably sooner than he would have liked, his ultimate weapon: a 0.75 percentage point cut in the discount rate to a record low of 1 per cent. Even then, the yen hardly budged and Japanese equity prices fall, recovering a fraction yesterday.

In the longer term, the yen's strength might be beneficial, in forcing deep structural changes in Japan's economy by increasing the pressure on protected sectors, such as financial services, to cut costs.

But during that transitional process, the survival of parts of Japanese industry is threatened, as Mr Shoichiro Toyoda, chairman of the Keidanren economic federation. warned recently. Large companies, like his own Toyota carmaker, sim-

Driven by a force beyond its control

Government measures to stimulate Japan's economy have only deepened the malaise, says William Dawkins

ply squeeze an extra layer out of their costs and hedge currency exposures at a new rate with each round of the yen's rise. Smaller companies, however, cannot do this, as underlined by more than 1,400 collapses last month, a nine-year high, according to Teikoku Databank, a credit research agency.

The yen's rise threatens Japan's economic poise now more than ever because it comes on top of a problem unknown in postwar Japan until the 1990s: deflation. Asset prices, both of property and equi-ties, have been falling since the collapse of tha economic bubble five years ago, exerting an increasing drag on the rest of the economy.

The asset price decline is partly a reflection of the fact that values were indeed too high and, in the case of property, still are. But it also reflects financial institutions investment caution. Commercial banks are reluctant to repeat past mistakes, whila industrial clients are reluctant to borrow, causing privete sector bank lending to fall, for the first time ever, last July. It has been declining ever since.

Financial institutions' appetite to invest in anything other than yen has been reduced further by the currency's renewed rise. They themselves have contributed to the yen's strength over the past year by selling dollar assets for yen.

In this way, the institutions have reduced exchange rate risk and, incidentally, stayed safely out of the Tokyo stock market. Their reInctance to buy shares has contributed to the market'a nearly 20 per cent decline since the turn of the year, thus limiting banks' ability to use share sales to help them write off bad debts and clear their balance sheets for more lending.

A credit squeeze helps to depress asset prices, feeding through eventually to a fall in consumer prices. When prices fall, debt becomes expensive in real terms, which is why few observers believe that the Bank of Japan's rate cut will encourage industrial companies to

The high yen-related surge in cheap imports of manufactured goods, by 21.2 per cent in dollar terms last year, accelerates that underlying consumer price fall. not everyone in Tokyo shares Salo-



Currency trials: Yasuo Matsushita (top left) used his ultimate weapon, but Prime Minister Murayama still looks powerless to stimulate the economy

That might be a treat for Chasha House's customers, but not for the cafe's profits or for those of many

The fear is that a fall in prices feeds through to wages, so depressing prices further, an uncontrolla-ble deflationary spiral. "The vicious spiral of tha yen is likely to drag the economy into a tailspin," argues Mr Robert Feldman, director of economic research at Salomon Brothers Asia.

It is an alarming scenario - and

mon Brothers' trepidation. Yet enough of the elements are in place for most observers to agree that deflation, worsened by the high yen, has become a real problem.

Asset price deflation is certainly there, in the form of a 10 per cent fall in property prices last year, the fourth annual decline running. Consumer price deflation is nearly there. Inflation is officially just under 1 per cent. The official figures do not include discount stores, the fastest growing sector of retailing, so most analysts believe that con-

sumer prices may actually be falling. So they should be, given that wholesale prices fell last year by an estimated 1.8 per cent.

Wage deflation is not yet there,

but the omens are poor. This year's wage round is likely to produce an average increase of 2.9 per cent, the lowest ever. Overtime and bonuses. which make up roughly half total pay, are also under pressure.

That makes for a gloomy outlook for private consumption, which accounts for nearly 60 per cent of the economy.

Japanese consumers led the beginnings of a recovery this time last year, unusual for an economy accustomed to export-led upturns. Consumers increased apending sharply during the summer, but snapped their wallets shut again. for reasons hard to explain, in the final three months of the year. Nobody expects private spending to collarse Rather the consensus is thet it will be weak, rising this year at about the same rate as last year,

he difference is thet, this year, there will he no accompanying rise in public spending, as there was during the recession. The government baa exhausted most of its previous public works plans and has only suggested, not specified, any new spending in its latest offering.

Only moderate help can be expec ted from industrial investment, the second largest slice of the economy after private consumption. It has been falling for four years running, and is expected to recover only by about 1.9 per cent this year, according to a survey of Japanese economists by Consensus Economics.

Moreover, a growing share of thet investment is going abroad, to cheaper and faster growing east Asian economies, a process likely to be accelerated by the yen's rise.

All this is bappening at a time when the government of Mr Tomiichi Murayama appears powerless to stimulate the economy. The current coalition of socialists and conservatives, at nine and a half months, is less shaky than its two predecessors. But its partners are so divided that the financial markets have given up bope that they will deliver the two things needed to support the recovery; another hefty rise in public spending and economic deregulation radical enough to make an impact on the current account surplus, the root of the yen's strength

Until those things bappen, the Japanese economy is the victim of a force beyond its government's control, the currency markets. If economic policy continues to flounder, as is likely, the markets may assume that the surplus will stay high, and keep up the pressure.

How to attract foreign direct investment



flows to developing countries. Not only have the amounts involved exploded. But virtually all the PERSONAL increase has been in VIEW private investment,

with foreign direct investment becoming the most important form in which development resources are flowing to the developing world. Foreign direct investment in developing nations increased from about \$10bn a year (in 1993 prices) during the 1980s to \$65bn in 1993

and \$74bn in 1994. These figures compare with aid flows in 1993 of \$52bn and commercial lending of just \$1bn. Foreign direct investment is now more in real terms than total capital flows to developing countries in any year before 1990. Whereas portfolio investment

from financial investors is expensive to attract and dangerously volatile (as seen recently in Mexico). direct investment is not volatile. It comes from multinational corporations which also bring management, technology, and access to

A revolution has export markets to the developing there was little or no competition ment in the third world has gone to tions and a legal system that works occurred in capital countries in which they invest. Most of these countries are vying much more can the flow expand?

for more such investment. But how The \$200bn of foreign direct investment worldwide in 1993 still represented only about 5 per cent of total gross savings in the developed countries, which suggests that con-siderable expansion is possible. However, those in the business of

attracting foreign direct investment feel that it is extremely competitive. Governments of developing countries often fear that increases in such investment to one country are at the expense of others. When central and eastern Europe abandoned communism, many feared that these reforming countries might divert direct investment away from developing nations.

These worries appear to be baseless. A recent investigation by the Foreign Investment Advisory Service (a department of the international Finance Corporation and the World Bank) into how the strategies of foreign investors were affected by the opening of Europe'a formerly communist economies concluded

between central and eastern Europe and the developing world.

Hardly any of the companies surveyed that had invested in central and eastern Europe had seriously considered other regions. An exception was the clothing sector, where low labour costs are important and where there was competition with Mediterranean rim countries. It is

If there are more opportunities in a country, there will be more direct investment

also worth pointing out that more than half of foreign direct investment in central and eastern Europe has been to buy companies thet were being privatised. As privatisation opportunities are exhausted, there may be more competition for investment between regions.
in fact, the lion's share of the explosion in foreign direct invest-

tries, led by China, Argentina, Mexico and Malaysia. China alone receives more than three times the amount going to all central and east European countries combined. We draw two important conclu-

sions from all of this: • First, foreign direct investment in developing countries is not limited by availability of capital. Rather, it responds to good opportunities; if there are more opportunities, there will be more direct investment. It is not a zero-sum game. The bulk of direct investment

attracted to a country that improves its investment environment is not being diverted from other countries. The main exception is low-technology, labour-intensive, light manufacturing. Second, developing countries

that want more direct investment should not worry about how much other countries are getting. Instead. they should put their own houses in order. Decent government, stable and sensible economic policies, a convertible currency, avoidance of excessive restrictions and regula-

for foreign direct investment Asian and Latin American coun- are what governments must provide to attract foreign direct investment - and also to keep their own citizens' capital inside the country. Effective education and training are also important.

Of course, large markets are more attractive to multinational corporations than small ones, and willing workers are more attractive than revolutionaries. Even with perfect policies, some countries may not attract large amounts of foreign investment. But the supply of foreign direct investment is expandable. It will come if an attractive environment in which to do business exists.

Joel Bergsman and Sanjaya Lall

Berasman is with the Foreign Investment Advisory Service: Lall teaches development economics at Oxford University. Important contributions also from Joseph Battat, Lawrence Franko, Charles-Albert Michalet and Tomoko Tatara

OBSERVER

Wily Rupert's rugby game

■ How Machiavellian is Rupert Murdoch? Beyond his scheme to buy an entire sport - rugby league so as to further his pay TV ambitions in both hemispheres, has he ambitions to shake the foundations of sporting culture? A key requirement of Murdoch's

rugby plan is that the European rugby Super League plays in the northern hemisphere in the summer, rather than the winter. One of the 14 proposed Euro Super League clubs, London Broncos – an offshoot of Australia's Brisbane Broncos - wants to use a stadium holding at least 30,000 spectators. The UK Broncos currently play second division fare, usually

attracting fewer than 1,000 spectators. But switching to summer rugby, plus top-line opponents and improved marketing, will attract bigger crowds, thinks Barry Maranta, chairman of the club. Maranta is also a director of the Brisbane club, where crowds have soared from 3,000 per game to 44.000 in seven years.

Maranta reckons "supporters will be drawn mainly from followers of British winter football, interested in the new summer competition, along with many of the 200,000 or so Australians and New Zealanders in the IIK".

Fine. But where does that leave cricket? Just like baseball, cricket

hardly seems designed for the gladiatorial marketplace of early 21st century pay-TV. Unless, that is, the wily Murdoch wants to buy world cricket as well. He could switch it to the winter and make them play on ice. Now that would

Monti beware

■ Mario Monti, the Italian commissioner in Brussels, does much to destroy national stereotypes. The respectable former rector of Milan's prestigious Bocconi university in Milan is as far removed from the seamy world of the Mafia as Sir Leon Brittan is from football hoohgans. Hence his officials were alarmed to find on sale in the Brussels branch of W.H. Smith a book entitled: Murdering Mr Monti - "a merry little tale of sex and violence".

Ken's doodlebug

■ Serious paper, The European. One of its hacks attending last week's meeting of the European Bank for Reconstruction and Development got bold of the EBRD notepad of Kenneth Clarke. Britain's restless chancellor of the exchequer. It was filled with nothing but a profile of a man's face set against a dark background. A secret admirer, perhaps? The paper called in Professor Michael Levi, a husiness psychologist at the University of Wales. Levi suggested that the "akilful drawing" showed "a logical mind focused on the task at hand, making himself difficult to read from outside - and that's every inch a chancellor".

Chris Duggan, The European's political cartoonist, was more helpful. "It's a rather sad face – it seems to capture the despair of someone who would prefer to be somewhere else," says Duggan.

Last resort

■ California's nerd population could be about to swell. San Francisco'a police have tried offering cash for guns, groceries for guns, and concert tickets for guns. Now they are trying a cyberswap. They will hand out used computers to anyone turning in a working handgun - and no questions asked. The programme starts on April

22 in honour of Earth Day, a police captain said. His department has hundreds of donated IBM systems with software loaded on them: some also have modems. The Black Chamber of Commerce of San Francisco will provide free training.

On the rebound

■ What makes a bright young British businesswoman throw in a promising financial career to run a tiny Marxist publishing company with a turnover of £2m a year and a history of political infighting?

around the world with Bankers Trust and Manufacturers Hanover and was made treasurer of Booker at an incredibly young age. But she has quit the corporate rat race to become executive chairman of Verso, the book publishing arm of the New Left Review.

Lucy Heller, 36, has worked

Heller, sister of The Independent's Zoe Heller and daughter of the late Lukas Heller. scriptwriter of The Dity Dozen et al, has big ambitions for her new venture. She wants to recapitalise it and take it into the mainstream of British publishing.

She is the token woman on the new Commission on Public Policy and British Business, launched by the left-of-centre Institute of Public Policy Research, but stresses thet she is not member of Britain's Labour party. She insists thet she has given up big business because she wanted a "bit of fun". Another sign that breaking through the glass ceiling is proving to be tougher than expected?

Hole in one

■ The chairman of a US money centre bank was discussing the aftermath of the Barings crisis with the governor of the Federal Reserve. "What would you do if my bank got into the same sort of trouble?" asked the banker.

"Discuss the matter with your successor," replied the central

Financial Times

100 years ago Skeleton in the Grand Trunk

There is good promise of a magnificent fight at the approaching meeting of the Grand Trunk Railway Company. The Committee which has thrown down the gage of battle to the existing management is active and influential. The first thing to do is to get rid of the present management, and we cannot too strongly urge upon the stockholders the necessity, if they wish to raise their property out of the mire, of giving their cordial support and their proxies to the Committee. A correspondent wrote to us yesterday as follows: "I hold 27,000 Trunk Ordinary, and have done so for the past fifteen years; would you advise my selling them at the present price or paper the wall of my home with them to show the children the folly of my youth?"

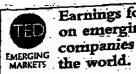
50 years ago

India trade mission The private Indian trading mission including leading industrialists is expected to ... arrive in the United States soon. Among those coming are Mr J.R.D. Tata chairman of the Tata Iron and Steel Company.

A Division of Senior Engineering Group plo

FINANCIAL TIMES

Tuesday April 18 1995



Earnings forecasts on emerging market companies around

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Palestinian police's torn loyalties

lolls in the shade of a half-finished, raw-concrete building, guarding the northern end of the seafront road where the chairman of the Palestine Liberation Organisation has his Gaza head-

He and another new recruit, both in the khaki fatigues and red berets of the paramilitary National Security Police, are two of the 15,000 Palestinian officers who have led the crackdown on Islamic militants in Gaza. In the week since suicide bombings killed seven Israeli soldiers and a student, about 300 suspected militants bave been arrested.

"In the past we were all struggling together for our freedom," explains Private Ahmed, who declines to give his surname. "But once they carry out operations inside Gaza we have to try to stop them. It's difficult, though, to arrest your friend, your brother, your neighbour." Ahmed and his partner, who bave one Kalashnikov assault

Private Ahmed is 24 and sports the stubble of a young Yassir Arafat. He olls in the shade of a hele.

rifle between them, are glad to talk. It breaks the monotony. They complain the suicide bombers have put them under pressure. If the bombers had kept their operations inside Israel, they say, that would have been the Israelis' problem. Now, the radical Hamas and Islamic Jihad groups have turned the issue into a Palestinian responsibility and

Differences bave emerged between the young police offi-cers, who bave always lived under occupation, and the older professionals, who returned from exile last summer. For the locals. loyalties are personal, orders are subject to consciance. For the veterans, discipline is para-

Private Ahmed says be has a cousin in Hamas, whose brother was killed, he claims, by the Israelis during the seven-year intifada uprising. Last week, the

police arrested his cousin. What would he have done if he had been sent to pick him up?

"I'd try to get out of it," Ahmed replies. "If my commander

insisted in sending me, I would go, but I would try in avoid contact, I would try to see that the other police treated him with

nd if his cousin resisted, A and Ahmed was ordered to open fire? "I would disobey orders," he says. "I wouldn't shoot my cousin. If they tried to make me, I would resign from the

What about the risk of civil war, Palestinian against Palestinian? Ahmed doesn't think it's possible. "In every family," he says, "you have one brother In Hamas, one brother in Fatah, one brother in the Popular Front. People are not going to kill their own brothers.'

Like most of the rank and file, the intifada, and a supporter of Arafat's mainstream Fatab organisation. After growing up in Khan Yunis refugee camp, he trained as a teacher, but went immediately from college into an Israeli jail for resisting the occu-

Most of his officers, by con-trast, are veteran soldiers. Men like Captain Faez Mamlouk, who spent 16 years under Mr Arafat'a command in Beirut and now, aged 44, serves in the elite Presidential Security Police. Mamlouk fought against the

1982 Israeli invasion of Lebanon and returned to Gaza with Mr Arafat. He is first and foremost a soldier. "I receive orders." he says, "and I obey. I would even arrest my own brother. An army is an army. I'd try to avoid violence, but if talking failed. I wouldn't besitate to use force."

China sees fall in foreign contracts

By Tony Walker in Beijing

Newly contracted forsign investment in China dropped sharply in 1994 after the bectic pace of the two preceding boom years. But actual ntilised investment was well up on the previ-

The State Statistical Bureau reported that foreign investors pledged new investment of \$82,6bn in 1994, a drop of 25.8 per cent on the year before. Numbers of new projects were down by 43 per cent to 47,549.

Utilised investment reached \$33.5bn last year compared with \$25.8hn in 1993, a 30 per cent increase, By mid-1995, foreign direct investment in China is

expected to reach \$100bn. The slowdown in new investment in 1994 was anticipated after the boom years of 1992 and 1993, but the fall-off in both the number of new contracts and in total pledged investment reflects a lessening of investor entbusiasm. The statistical burean also

tracts. Such investment fell to 28.9 per cent of the total in 1994 compared with 39.3 per cent in

This drop partly reflected a credit squeeze instituted in mid-1993 which sought to redirect funds to infrastructure and away

reported a "noticeable sbift" towards infrastructure projects in the 1994 investment figures. Investment in such areas as telecommunications was up by more tban 30 per cent on the previous year. Foreign investment in real estate was down sbarply last

Japanese companies take stock of investment in China. Page 5 from real estate projects in coastal areas. While the numbers of newly-contracted projects were well down last year, the size of projects themselves rose from an average \$1.3m to \$1.7m. The statistical bnrean also

reported a "marked change" in

It said more foreign investment was being directed to inland areas and to central and western parts of the country. China is planning soon tn

unveil new investment guidelines aimed at channelling for-eign capital into priority areas such as infrastructure and to its disadvantaged hinterland. Beijing plans to phase out tax

ncentives for certain categories of investment, such as basic-processing industries, which It regards as wasteful. Thousands of these enter-

prises which produce consumer items for the world market

Even if Mr Kirk Kerkorian's proposed offer for Chrysler fails to flush out another bidder, it will nnnetheless prove significant. His \$23bn putative bid has highlighted the extraordinary decline in the valuations of certain cyclical stocks. The US automotive sector has, for example, underper-formed the market by 25 per cent since its peak in February last year. The explanation for the decline in automotive shares has been the switch out of cyclical stocks into defensive companies such as pharmaceuticals. Investors remember the horrific position in which many cyclical companies found themselves during the early 1990s and have sold their shares in anticipation of the next downturn. However, the next downturn may be

less gruesome than the last. The extensive industrial restructuring during the last recession suggests corporate America should suffer less next time round. Moreover, if the Federal Reserve manages to pull off the trick of a soft economic landing, the next downturn may prove to be further off than most expect. In that case, cyclical groups, which have already restructured their balance sheets and generated substantial quantities of cash, will generate still more. That would suggest the markets have badly misjudged the valuation of such companies. If Mr Kerkorian's move achieves nothing else, it should provide a sec-ond impetus to US industrial stock prices by raising such issues.

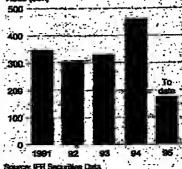
Mr Kerkorian's proposals do not signify a return to financially-driven 1980s-style raids. True, some of the conditions for their revival exist. Banks could be tempted to fund such deals because they are flush with cash and finding it difficult to increase tbeir loan books. And US interest rates are clearly near their peak, meaning leveraged buy-outs funded by loans will benefit from falling interest

But banks, particularly in the US, are demonstrating greater self-discipline this time round. They need little reminder that the performance of leveraged buy-outs has proved decidedly sporty. Moreover, changes in tax law and more stringent rules on acquisition accounting may hinder, if not preclude, the especially highly leveraged deals of the past,

The likely absence of corporate raiders does not mean that mergers and acquisitions activity is set to stagnate. Indeed, it looks set to increase. The rationale for such deals is likely to be industrial rather than wholly finan-

THE LEX COLUMN

Cyclicals' second wind



cial. Boardrooms are increasingly concerned to redefine core operations, dispose of peripheral businesses, and consolidate market position in their chosen sectors, particularly through geographical expansion. Sandoz's decision to dispose of its chemical businesses was only the latest example of refocusing; Cadbury Schweppes'aacquisition of Dr Pepper demonstrated geographical expansion.

Although recent currency turmoil will not in itself trigger deals, it will undoubtedly give the M&A market further impetus. The decline of the dollar has made US assets especially cheap for companies in Germany and Switzerland. If the currency markets trigger an industrial responsa. It would give a further push to parochial Wall Street valuations.

UK construction

The UK construction industry nolonger offers the classic benefits of cyclicality. This time, economic recovery has not spelt an end to high real interest rates, low inflation and low volume growth. As a result, after racing ahead in 1993, on expectations that profits would catch up the following year, construction share prices have dropped sharply. Current valuations are more realistic as a result. Price-earnings ratios have dropped. dramatically from a peak of about 16 times at the beginning of last year. Construction stocks are now trading at a 17 per cent discount to the rest of the market, on 1996 forecasts.

But this may not be a sufficient discount, even though some of the industry's problems, such as the scaling back of the government's roads programme, have already been factored in. Contractors still have too much capacity and too little capital. House-

builders will have to cope with flat housing starts and higher land prices in the UK this year. They are likely in suffer a cash outflow this year as they try to restock their land banks, while margins may come under pressire as they struggle to meet volume targets. Another rise in interest rates could prompt further discounting of the sec-

Taken as a group, managers of construction companies have a poor record, tending to make ill-advised acquisitions in good times and failing to cut capacity in bad. The disappearance of the boom-bust cycle reduces the scope for reward, as well as risk. The answer is careful stock-picking.

The yen

The cut in Japan's official discountrate has had little effect on the value of the yen. That is unsurprising. Widening the differential on yen and dailar-denominated assets was never going to lead to an immediate rush for dollars. If the dollar is still capable of falling, say, 5 per cent in a week then an official discount rate of minus 30 per cent would still fail to make the yen unattractive. The cut was always going to be part of a longer

3

A curious and circular feature of that game is that investors will only begin buying dollars when they are convinced that it has stopped falling, But the underlying reason for the yen's appreciation - the structural current account surplus - has yet to be addressed fully. True, last week's rate cut should help somewhat if it succeeds in boosting domestic demand But much more was from the government's package to restructure the economy. On virtually every count, this failed to boost the economy and to reduce import barri-

The yen's plight would be grave enough without a further worrying problem - deflation. The prices of stocks and land have been falling for years, making such assets highly unattractive. Worse, the Japanese have not been investing overseas because the yen's rise creates de facto dellation in the value of non-yen denominated assets. Their only reasonable alternative is yen or Japanese bonds.

Until deflation ends - and that looks to be some way off - they are unlikely to look elsewhere. The rate cut may be a step in the right direction, but it is unlikely to change current Japanese investment proclivities.

oil prices

Continued from Page 1

ily, of fears about Iraal sales could underpin international prices, analysis said. "The possibility that Iraq will begin selling oil again has been hanging like a cloud over the market for the last week." one trader said.

Oil traders had estimated the about 700,000 barrels a day of Iraqi oil on to the market. That would represent a 1 per cent increase in world supply, but the psychological impact on the market was reckoned far greater.

The UN plan would have allowed fraq to enter into a series of closely monitored oil sales, with the bulk of the proceeds used to buy food and medicine. President Saddam Hussein's government described the scheme as an "insult".

Iraq bas consistently refused to accept one-off or limited oil sales. fearing they could be seen as a substitute for the total lifting of

Sharp rise in UK watchdog stirs up a row over reform of regulation

By Robert Corzine and David Lascelles, In London

Ms Clare Spottiswoode, the UK's gas industry regulator, has angered fellow utility regulators by floating ideas to reform the believe could undermine their independence.

Ms Spottiswoode recently circulated a paper to regulators of the telecommunications, electricity and water industries containing ideas on bow they might be made more accountable for decisions they take.

She says she has not espoused the ideas, but is circulating them to promote discussion and debate. Mr Tim Eggar, UK energy and industry minister, is due to convene a meeting soon with regulators to discuss ways the system might be improved.

The most radical of Ms Spottiswoode's ideas would allow the

1010

government to call for independent investigations into regulatory decisions that prove especially controversial, or that later appear to have treated a regulated company too lightly.

Another would give a parliato review certain types of regulatory decisions, and give committee members access to commercially confidential information.

A third suggests the appointment of high-level, non-executive advisers to individual regulators. Advisers would be recruited from the senior ranks of business, industry and the civil service. and would advise on difficult decisions before they are taken.

The debate on regulatory reform has been fuelled by growing political controversy surrounding the privatised gas, electricity and water companies. Some regulators worry that the government might try to dictate changes to the regulatory regime without consulting the regulators, or that a future Labour gov ernment could make the regulatory regime overtly political. Other regulators declined to

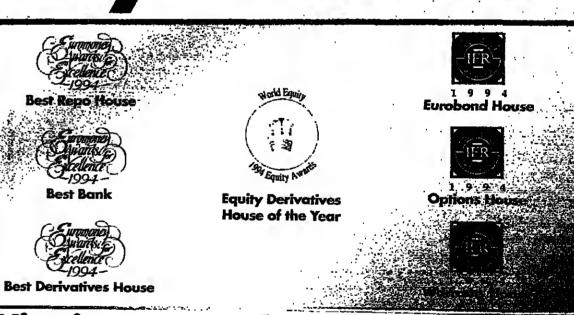
comment on these ideas. But the cern because of fears that It would allow the government to question the decisions of regulators, weakening their independence. At present, regulators operate within a statutory framework which protects them from

political interference.

The other ideas bave caused bewilderment because they propose remedies which already exist. Parliamentary select committees do review the work of the regulators, and could expand this role. The regulators also have the right to appoint outside advisers.

Gas regulator turns up heat on rules debate, Page 10

ey reward.



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Europe today

A small but active low pressure area which moved over England last night will cross the North Sea on its way to Denmark. As a result, rain and wind will move away from southern England into the Low Countries, northern France and Germany. North-west Britain will clear briefly, but winds veening north will soon bring cool, unstable air and widespread showers, sometimes with hail or thunder. Another low pressure system will separate warm air in eastern Russia from cooler air in

central Europe. Western Russia and the Ukraine Portugal and Spain will be very sunny with temperatures above 25C. Italy will improve greatly after the bitzzard that struck central and

southern regions on Easter Sunday. Five-day forecast

Cool and unstable air will remain over the British Isles and north-west Europe. However the northerly flow will decrease, leaving these regions moderately fair with only a few isolated

Meanwhile, central Europe and the Alps will have more rain. The summery conditions in Spain will give way to northerly breezes with rain in the north.

TODAY'S TEMPERATURES



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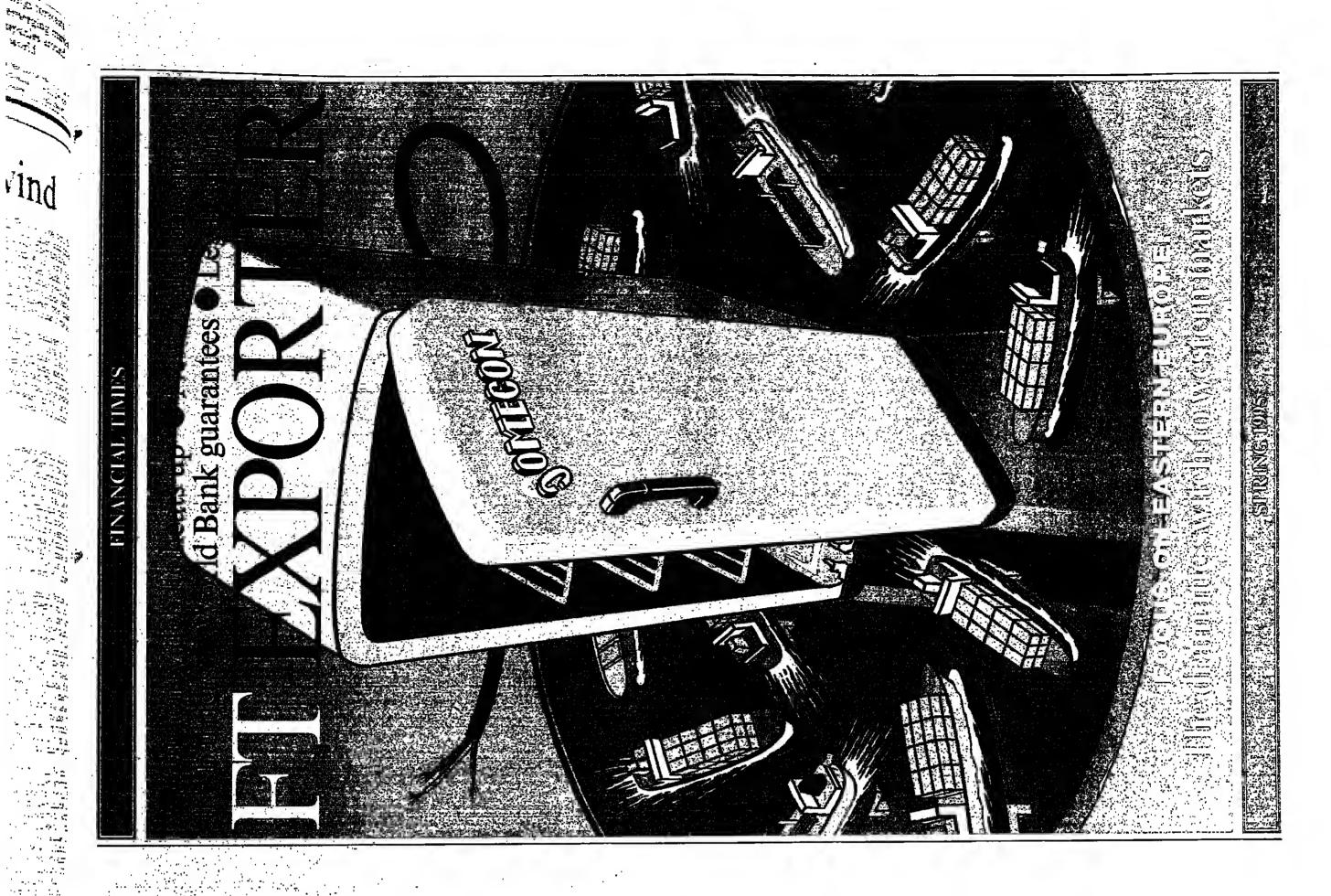
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buccaneers

The single ourrency debate
As the debates about European Monetary Union proceed, a type of battle fever is
racing emong Britain's exporters

Expiritors in action

A series of case studies will look at exporters in Germany, Britain, Spain, Luxembourg, Finland and Greece and illustrate now they have succeeded in penetrating overseas Pages 11 and 17

Export finance.

World Bank guarantees: how the guarantees will work and look at projects which may quality.

Countertrade; better is no kinger a simple goods for goods errangement. Insurance, commercial finance and more legal processes are all now part of the process recommistings the latest developments in international factoring operations.

Payment transfers: the European Commission has produced ove the absent endicteroy of making cross-border payments. and lon costs.

worldwide oan use the World Bank's Investment guarantee tated project bide and secure contracts angel in the credit standings of key export markets and the hase in different perts of the world in 1995

ormstien Panele porters Diary: details of general and epecialist imde fairs, exhibitions and trade selone to end-October 1895

Page 27 (Exporter's legal expart will look at the problems of counterfeiting and passing-off, to steps being taken by governments end internstional institutions to deal with the robiem; and how companies can protect themselves

rier Export Excellence Award recogniess annuelly the exporters in tha UK regions. Details of the 1985 awards, which earlies of regional events in the autumn and latar at a epecial including how to enter

iberalisation

As world economies converge, governments are trying to establish a international policy framework for foreign direct investment, writes **Guy de Jonquières**

Only months after that the count trade deal with graph format trade deal with the count trade deal with the count trade deal with the count of the seme trie after the word's included in the count of the seme trie after the word's included in the count of the seme trie and the count intended to wreath, for the first time, and threat of corrections of concentions, which would not only safigural treasures rights to establish overees operations, the count of the seme trade deal would intended to wreath, for the first time, and threats of expreciation, but go earn way to guarantee them equality of treat rights to establish overees operations, the seme trade of guarantee them equality of treat rights to establish overees operations, the seme trade of guarantee them equality of treat ment with Local companies.

Though a feal would intitally cover only the word's richaest countries, the source of most FDI, the intended to word treat, and the total stock of investment flowe is now being channelled.

Though a feal would intitally cover only the word's richaest countries, the source of mest FDI, the intended in the products are shipped between in the past decade, FDI flowe have grown four of the investment flowe is now being channelled.

The trend is bring accomment in the word's manual enconomic unput.

The separation of FDI and world trade is third of frade is already accounted for by internal transactions by about 37,000 multimated by the growing international trade in the production networks, in which production networks, in which production see companies of the word's the impetus of the word's proper to the word's the markets where they are cold.

The trend is straightforward for processing, and by the growing the companies of the word's being and by the growing the concentrations of FDI, shout 40 per cent of manufactured copories is generated by foreign-owned companies. In the UK, foreign conditions the production which provide the provide of the word's proper to the word's provide to be able to launce and provide t

resistanca.

Much will depend on how, in practical governments balance their desire for speedy agreement and their wish to make the new rules as comprehensive as possible. That is unlikely to become clear until effer the ministerial mixthed governments demands will need to be related closely to the concessions which they feel able to offer. That is likely to be a dalleate task in this case, because in the US and Europe—the protagenists in tha talks—will need to work hard to present cohesive negotiating positions. The US appears keen to press in tha talks for meximum liberalisation. However, it is also likely to face pressure to remove obstacles to national treatment of foreign investors in its own market.

High on the list are regulations and policies in force in individual states and long-standing federal restrictions on foroign ownership of businesses including airlines and telecommunications operators.

It is etill unclear whather the Clinton administration will be able politically to require changes in state rules or to persued Congress to endorse any agreement which involved extensive reforms designed to benefit forsign companies operating in the US.

There are also difficulties on the European side. Though the EU has much common single merket legislation, laws do not extend to state ownership and only pertially cover state monopolies. These my opilically divisive issues between the 15 member governments.

The EU has also angered the US by insisting that it retain the right to liberalise internally faster and further than required by any DECD agreement, but without being chilged to extend the bone-fits to third countries.

It is unclear, too, how far the EU will negotiate as a single bloe. The commission lacks a formal mendate to represent the EU in the OECD as it does in the WTO, and the limits of its legal authority to negotiate in services is disputed.

Partly for these reasons, Sir Leon Britton, Europe's trade commissioner, wonted the WTO to make the running in talks on investment. He has also argued that the WTO's broader membership would oussure that eventual rules were adopted by many more countries.

Exactly how the results of the DECD negotiations will be eppilled to developing countries undy about 10 countries, ond that their desire to nitract foreign capital will give thom a strong incentive to embranc international rules.

Chiers, however, think doveloping countries uncy balk at accepting an agreement which they were not involved in negotialisting. China, for example, one of the biggest relipsants of FDI, belongs to the neither the strong the series of the world, they must dounstrate that they can reach a workable agreement countries and they can reach a workable agreement country can reach a workable negreement countries.

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illis ine, for which Miga issued guarances worth \$8.4m.
The project will supply more than 70 per not of the country's annuel denim Jean roduction output and 8 per cent of its tal cotton garment exports. The opening former state monopoly sectors to pritto investment provides a focus for Miga of the concern, to install a nation-white interests in Clibia. American Cynnamid Commity's 50:50 ventura with the Suzhou tumber Six Pharmaceutical Factory made of a \$7m guerantee to help access eviously untupped sectors of the domestylously untupped sectors of the sectors of the former sectors of the sectors of the former sectors of the former sectors of the former sectors of the former sectors of the sect

ntinued from page 23
Ithough most cover applications heve en for powor projects, Miga has also cilitated the implementation of major port-oriented projects, including one of a largest foreign investments in Pakish's textile sector, a joint venture in Faishand involving US-based Greenwood fills ine, for which Miga issued guaraneassuring investors

were allocated for the US' Newmont Mining Corporation's stake in the \$160m Zaraf.

shan-Nawmont Joint Venture open-pit gold mine. This project has obtained eupport from other multilateral institutions, opening the way for commercial financing in a region usually thought beyond longer term conventional borrowing.

Difficult markets in sub-Scharan Africa have also been the subject of a vigorous marketing campaign, with first guarantees or projects in Uganda and Cameroon.

The Ugandan project exemplified Miga's role as a co-financiar, allowing clients to occess both financing and insurance capacity. Miga provided a \$5.4m guarantee for a Swiss-Norwegian fich processing joint venture, with financing from the IFC, the Export-Import Bank of the US and the Norwegian Agency for Development Co-paration.

Exportere mey elso be tha beneficiaries of Miga's extre-guarantee activities. The negative furnishes a variety of technical assistance services to member countries to assist their efforts to stimulete FDI, including policy advisory services to Improve investment regimes and help with the legal aspects of investment.

Jon Morks is Associote Editor of Internotional Trace Finance, o bi-monthly Finon- \triangleright

received by isst month's closing dete for the 1955 Export Award for Smaller Bustinesses, the only government-becked prize for small business exporters

Now in its 26th year, the award is open to all independent UK businesses with a workforce of less than 200 and evidence of good, long-term growth in export sermings. Non-UK seles must heve exceeded £100,000 during the most recent year.

Five companies will each receive awards end prizes worth more than £7,000 in money, professional services and products et a ceremony to be held in the Savey intel in London ou July 5.

The ewards are financed by the Sritish

Counterfeiting ie big sales, but not emough to make it obvious business. It now represent of total world trada. The Burrope were lost in Europe were lost that 100,000 jobs were lost in Europe alone in 1882 as a direct result of the trade in counterfalt goods. The of the warst affected trada groups, the record industry, is reckoned to lose \$1.2tm per annum to the "piratess". If a counterfalt goods are counterfalt for a "use site had been made out (having taken then semewhere out there a counterfalt of the reason to be hoping for a "use little seme" et its creator's expense.

Event the US treasury is having to adapt with the portrait of Franklin on the \$100 megravity goods to which a false trade in counterfeit groots are that sourge of the offence of supplying or offering to supply goods to which a false trade in registered to the increased in etze and shifted to the increased in etze and shifted to the increased in etze and shifted to the increased in the goods are the sourge of the offence of supplying or offering to supply goods to which a false trade in registration and exercised in the sale and exercised and portrait of Franklin on the \$100 megravity goods to which a false trade in registration and expense can be increased in etze and shifted to the increased in etze and shifted to the increase and sourge of counterfeit goods are that excurge of counterfeit goods are that excurge of counterfeit goods are the sale and empty of the offencing goods.

Citago counterfeit products, badly made and perlungs unrollable, can demage the creditality of a product but at the other counterfeit good are two interests than they were of object, trading dear out of the scale good good quality counterfeits counterfeits good in the scale good good good quality counterfeits and counter of the components and continue to the forestall use by snough to nothers large volume and inventive in the remedies they adopt.

Manufacturers should think in terms of pur counterfeit good and pure counterfeit good and pure counterfeit good and pur

A lot has been done to toughen up the law in recent years, in the UK, this has come in the shepa of tha Copyright, Designs and Patents Act 1988 and the Trade Marks 1894. The law is not perfect and there is no reason to suppose that the counterfeiters will just pack up and go home

The problem is worldwide and manufacturers have sometimes been reluctant to pursue legal remedies in some countries believing that there was no will on the part of governments to tackle the problem. Last year's Gatt agreement went some way towards stiffening the stitiude of signatories evan if thet agreement gives countries many years to bring their intellectual property laws into lina.

Trading standards officers are becoming ever more squeezed in terms of resources but they continus to have a keen desire to work with businesses to enforce the law and combat the counterfeiter. Cheap coun-

(3)

FT Exporter Excellence The NatWest/

Awards

he search has begun for the company which will taka over from Edward Macbean, the Scottish-based protective clothing manufacturer, as the bolder of the NatWest/FTExporter Award for Export Excellence.

The small Scottish company impressed tha judges last year by the wey in which exporting was a fundamental elsment in its business strategy.

The company, which initially produced blankets, makes heavy duty protective clothing designed for anyoue whose work obliges them to go out in all conditions. utility foul weather wear market in the UK and Europe.

It eelee, which were 21.1m in 1987, reached almost £7m last year on which it made pretax profits of \$550,000.

The runner up in the competition, which is co-sponsmed by the institute of Export, was Zeneca, the British multinational and agrochemicale specialist.

As in previous years regional winners on exporting at taking place locations around the country.

The overall winner will then be presented with the Exporter Excellence Trophy and as well as a travel hursery winth a total of 25,000.

The closing dete for antries, which are currently being called for, is July 31.

Eutry to the competition is free and is open to UK companies of all sizes.

tions.
The company has established itself as a market leader in the industrial and public

For further details call free on 0500 128 128, or write to NotWest, International Trade and Bonking Services, Level 7, Drapers Gardens, 12 Throgmorton Avenue, London, EC2N 2DL

prize for the

smaller business

Dversees Trade Board, Kompass British Exports/Reeds Information Services, Grant Thornton, chartered accountants, Midland Bank (through HDSBC Trada Sarvices) and TNT Express Worldwide

"The country is in an export-led recovery, and small firms are playing a full part. One in five of last year's entrants doubled tha velue of their exports over that previous year," trade minister Needham said when announcing this year's scheme. "Smeller businessas not only have the ebility and resilience to compate in world markets but the strategic sausa to realisa that they need to expand overseas as well

being injured as well.

China has emerged as a leadar in the manufacture of products and components for westarn consumption but that growth has taken place against a cultural background very different from that growth has taken place against a cultural background very different from that growth has taken place against a cultural background very different from that prevalant in the west. For much of the second half of the 30th century no individual or corporate proprietary righte existed in China. As Chinase industry attarted to compete for western markete it is hardly supprising therefore that the manufacturers adopted a "buccanear" approach to the proprietary rights of those for whom they manufactured.

The old attitude in China will not disappear overnight, but Beljing is spending a considerable amount of money publicising the wrangs of counterfeiting and trada mark infringement. Chinase authorities claim to be dealing with more than 13,000 trade mark infringements aach year. After tense negotiations with tha US, China pladged to create "task forces" to fight the plrates" as from March thie year and said that raanufacturars should support and encourage the new initiatives.

Europe has it's own problems and as from July new EC rules will give customs authorities greater powers of selzure without them having to wait for a court order. It will not be only counterfeit goode which could be used to affix a trade mark to counterfait goods. Provisions have been made for the destruction of counterfeit solo both member state and companies.

Figure of the new rules, atresses that they "complement" the joint efforte of both member state and companies.

Cooparation is the key to combatting the counterfeiters.

Leading UK trade missions - May-Dec 1995

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ri Lanka Lelcestershire Chamber of Compace & Industry
Neith Horton) tel: 0116 251 2300
3-17 November 1995
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k Industry
lain McTaggart) tel: 0141 332 9119
18-30 November 1995 dippines (telecommunications)

Alison Fisher) tel: 0151 227 1234

55 Nov - 7 Der 1895

Hong Kong/Singapore (construction)

Sonsumer/environment/power/transport)

Sirmingham Chamber of Commerce & sinductry

Barry Precious) tel: 0121 454 6171

December 1995

Torea (transport)

Andon Chamber of Commerce & industry

David Roberts) tel: 0171 248 4444

MUSTRALASIA

Smart) tel: 01582 23456 wember 1985

Australia (food and drink)
Leeds & Bredford Chamber of Commerce & Industry
(Malcolm Sewell) tel: 0113 236 3136
R Aug. - 8 September 1995
R Aug. - 8 September 1995
R Aug. - 8 September 1995
R Australia/New Zealand (healthcara and medical equipment) Coventry & Warwick-shire Chamber of Commerce (Malcolm Vaughan) tel: 01208 693000
R R September 1995
Australia/New Zealand The Scottish Council Development & Industry
(Les Young) tel: 0141 382 9119
Z Sept. - 7 Oct 1995
Australia/New Zealand (DIY/catering)
Lilverpool Chamber of Commerce & Industry

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Barry Precious) tel: 0121 454 6171

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vith Manchester Chamber of Commerce

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Australin/New Zealand (eviation-eirports)

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Maggle Warshom) tal: 01202 448800

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*South Africa Liverpool Chamber of Com- Commerce & Industry
(Alison Fisher) telt 0151 227 1234
(M. 9-28 September 1995
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Industry
(Devid Frost) tel: 0121 454 6171
25 Sept - 6 Oct 1995
Tanzania/Ugande Leicestershire Chamber of Commerce & Industry
(Keith Horton) tel: 0116 251 2300
39 Sept - 13 Oct 1895
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Sussex Chamber of Commerce & Industry N

(Colin Melhulsh) tel: 0127 882 6282

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(Colin Melhulsh) tel: 0127 332 6282
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6-17 November 1995 South Africa Manchester Chember of Commerce &

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Ethiopia Nottinghamshire Chamber of Commerce Industry (Michael Brosch) tel: 0115 962 4524 20 Nov - 1 Dec 1995 Pyprus

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John Lyon-Marls) tel: 0171 248 4444

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JAE/Oman/Qetar Birmingham Chamber 01

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Harry Frectous) tel: 0121 454 6171

Forkey Northamptonehire Chamber of 11

Commerce & Industry

John Read) tel: 01804 790782

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20 Nov - 1 Dec 1995
Sooth Africa/Zimhebwe
Coventry & Werwickshire Chamber of
Commerce & Industry
(Malcolm Vaughan) tel: 01203 633000

uth Yorkshire Export Development Se n Hall) 01228 201168 ndustry Lynn Shaw) tel: 0161 286 3210 1-18 October 1995 funiela/Morocco (electronics softwars/ automotive/environment/weter/egricul-ture) Bedfordshire Chamber of Commerce

St. Petersburg/Latvia
Birmingham Chamber of Commerce & Industry
(Helen Whistance) tel: 0121 454 6171
Summer 1995
Summer 1995
C. (formerly British-Soviet Chamber of Commerce)
(Mike Hall) tel: 0171 403 1706
September 1995 & industry
(Cheryl Smart) tel: 01682 22456
16-20 October 1995
Turkey Manchester Chamber of Commerce & Industry
(Lynn Shaw) tel: 0161 236 8210
28 Oct - 13 Nov 1895
Seodi Arabia/Behrain/Qatar
Thames Valley Chamber of Commerce &

18try 1d Tunks) tel: 01753 824541 Nov 1995

*Hungary
Sussex Chamber of Commerce & Industry
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(Colin Melhulab) tel: 0127 332 6282
39 Oct - 3 Nov 1935
Czech & Slovak Republics
Weles Chamber of Commerce & Industry
(Helen Conway) tel: 01222 461848
November 1935
*Czech Republic/Slovenia/Croatia
London Chamber of Commerce & Industry
(Bob Anthony) tel: 0171 243 4444
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**Saudi Arehia/UAE/Bahraio
Sheffledi & Rotherham Chamber of Commerce & Industry
(Ken Moea) tel: 0114 276 6867
**Also Dhabi/Dubai/Qatar/Bahrain
Welsh Offics, Industry Department
(Robert Lock) tel: 01222 625111
9-17 November 1985
UAE/Dubai/Abu Dhahi (construction/medical equip/water treatment/ oligas)
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Londoo Chamber of Commerce & Industry
(Merlyn Potter) tal: 0171 248 4444
29 Oct - 9 Nov 1995
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(Tracey Ruff) tal: 0117 873 7373
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Brazil The Scottish Council Development
& Industry
(Ishn McTaggart) tal: 0141 332 9119
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and debit cards.

For many people, the keanly anticipated information euperhighway is likely to made more opportunities to purchase goods from around the world from that comfort of their own living rooms.

These changes mean companies everywhere are confronted by new competitors. Barriers that have protected national markets are falling around the world. Consumers know that if they are faced with poor quality products or services, they can easily obtain setisfaction elsewhere.

These chenges mean the global market place has never been more competitive. On the other band, the present global economic upswing offers huge opportunities for exporters. Those thet are nimble and competitive should find that

Continuing strong trade growth is anticipated among the Asian countries.

The husiness echool's forecasters project is a 16 per cent annual increase in China's trading activities in the 1994-96 period and more than 10 per cent trade growth for the other developing Asian netions as a group.

The ehove juxtaposition of buoyant global growth and areas of alginificant tension is symptomatic of the profound changes under way in the world economy thet will affect the husiness plans and propencts of all exporters for yeare to come. Globalisation is also affecting consumers. Peoples' tastes, standarde and price expectations are ehaped increasingly by television and internetional travel. Their ebility to spend has been made more easy through the widespreed evailability of internationally acceptable plaetic credit and debti cards. Sir Teary Burns, the UK Treasury's permanent eccretary or top official, pointed out recently that the process of glabalisatioo, which first took hold in financial markets, is now reaching out into the markets with moding and even laketing, processing, handling and epreading information has fallen dramatically. The present grapes follon of information technologies mean it is possible for international businesses to control production operations or supply services across different continents with trong exports underplined the unextof of Britain end other European Union nations last year. Demand for capital goods ospecially in the rapidly growing emerging market economies of Asiehas helped lift the global economy out of recession and slowdown in the early 1990s.

A striking phenomenon in recent years has been the growing importance of devaloping octione in world trade. According to the LBS, imports by developing economies grew at an annual rate of 10.2 per cent for the EU countries as a group and 2.9 per cent for the EU countries as a group and 2.9 per cent for the EU countries as a group and 2.9 per cent for the expects world trade will grow at 7.2 per cent annually. While OECD erea trade is expected to grow by a relatively modest 5.2 per cent. similar difficulties on a smaller scale.

Glants are stirring outside the charmed circle of OECD countries. Indie, having discovered market oriented economic polities in the early 1990s, could be one of the next "mirecle" economiee. Indooesia is another populous country that is growing rapidly.

The good news is that world trade growth is strong. The LMS estimates that world trade grew by almost 9 per cent last year after growth of just 3 per cent in 1993. In the medium term, it expects world import demand will grow at just under 7 per cent a year, comparing favourehly with averege growth of 4.1 per cent e year between 1976 eod 1985 and 6 per cent a minually between 1996, and 1990.



Growth for the global village

The juxtaposition of expanding economies and areas of tension is symptomatic of profound changes that will affect the prospects of all exporters, says Peter Norman

Percent any recent forecast for the the world economy, and the outlook reconomists seem to be looking forward to a long period of steady growth and low infilletion.

Typically bullish is the London Business School (LBS), one of Britain's premiar fore casting bodies, which in its recent international economic outlook predicted strong 3 (to per cent growth for the Group of Seven feeding industrialised countries this year and in the medium term.

The Ecouomist Intelligence Unit has come to similar conclusions in its latest quarterly global forceast. It expects the top 20 Industrial countries as a group to grow at rates of between 2.5 per cent and 6 we per cent a year between one and tha end of the century.

But anyone looking et newspaper bead of the could be forgiven for barhouring doubts. Over the past four months, the world bes witnessed a grave scoomic crisis in Mexico that has almost cartainly condemned that country to recession this year and cast a cloud over prespects for bean ton.

In Asie, worries have been growing over the sustainability of Chioe's dramatic growth performance in the light of stub-born inflationary pressures and the unre-solved questions about the country's polit-ical and economic future after the ere of

Deng Xieoping.
Relationships and linkeges among the Industriellsed countries have been farred by disorder on the currency markets. The weakness of the dollar against the D-Mark and the yen in the first quarter has prompted concern about the competitiveness of the German and Jepanese economies. In Germany's case, the D-Mark's strength egainst the dollar end many European currencles helped persuede the Bundesbank's policy making council to lower short term interest rates et the end of March, rather than raise rates, as expected

8

the recovery from the natioo's longest recession since the Second World war and growing pressure on the country to invest abroad et the expense of johs et home.

In fect, unemployment remains an abid-in fect, unemployment remains an abid-induetrialised and developing world. In January, according to the latest standary dised figures from the Drganisetion for Economic Co-operation and Devalopment force were unemployed in its 55 industrial member states. All though down on the peak levels of e year ago, this represented a microsed dideness for nearly 35m people, in addition, untold millious in non-industrial countries are johless.

Co-operation amoug countries to deal with these problems le at a low shb. Indeed, the US response to the Maxican crists caused serious strains among the Gricountries. Like Mexico, a significant number of industrial countries, notably italy. Sweden end Canade, are overburdened by debt and paying the price through high real interest rates.

But many economies in the industrie then a well as the developing world ere performing well. The problem in the US, for example, has been one of echieving an orderly slow down in growth to head off industrial countries.

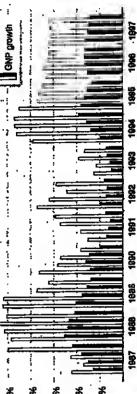
World trade and GNP

in Japan, the surge of the yen has caused angulsh among government and business leaders who now fear a delay in

Inflationary pressures.

Britain, which last year enjoyed e rare combination of etrong growth, low Inflation and good demand for its exports, faces

GNP growth



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Fighting

EXPORTER 2

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FINANCIAL TIMES TUBSDAY APRIL, 18 1995

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FINANCIAL TIMES TUESDAY APRIL 18 1995

The business

im. Melville-Ross, the director gen. Meral of the Institute of Directors, in does not mines his words. "Other than going to war, no decision could be armore important," he noted recently when a sket whether British should join a Euro-

or though there still seems little likeltd of Emu occurring before 1989, the
lightons of a possible single currency
energifing almost on diverse a range of
itons in the British business world as
Nestminster itself.
In one side of the debute stand comnations such as Richard Brown, direcgeneral of the Association of British
ambore of Commerce (ABCC), who
est that British experiers would lose
of they were left outside a single curcy area dominated by Germany and a comments may sound melodramatic.

se the dehates about European MonsUnion (Emu) proceed, it is already

ug up o type of battle fever among

in a exporters.



an official with one of the leading ed.

no dividing factor is size. The concept aliminating the cost of currency trensmuch mor

ut as Mr Brown of the ABCC, e large proportion of small axo arge proportion of the result of the result

DISCOVER THE EXPORT MARKET INFORMATION CEN

Exporting?

Overseas Trade Services

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rency stability.

Filliam Burell, managing director of Filliam Burell, managing director of Fruderer group, which sells precision asses and imports e large number of mponents from Germany, seve: "The e good thing that a single currency uld bring ebout would be stability. For at reason I think it would he a good ting – although how they would ectually sanage it I just don't know." companies, which are use and hedge their hrough developed treasont to be more cynical.

eacy exposure through developed treaoperations are apt to be more cynical. he savings to currency transaction a single currency would be peanuts," Stanley Kalms, of the large retail p Dixona, who is openly opposed to concept of a currency union. "Curry stehility is e reflection of many rectors, such as e country's ebility to are its accordance."

Marth Teylor, meoaging director of digeport Machines, which sells a large oportion of its machine tools to the rest Europe says: "All this recent currency remoil shows exactly why e currency dion won't work at the moment. You in't press ahead with something like that

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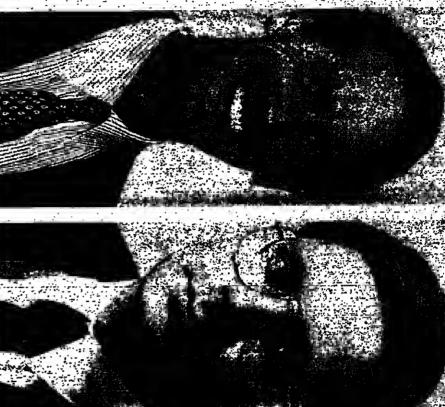
ed, even among some medium sized nies there are doubts whether cur-umion would be feasible without yr economic integration across

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decades. However, exports to North America still account for about 18 per cent of the total, and e large proportion of the remeining trede with the Middle Eest, Letin American and Far East markets is conducted in dollers. of many other EU membors - ronalna fairly evenly split in its EU and non-EU orientation. Exports to Europe currontly account for out 60 per cent of all UK exports - n pure that has grown rapidly in recent cades. However, exports to North Americales.

union has attractions for some exporters to Europe, many exporters to non-European countries foar that currency union could weaken their hustness in dollar-based commodities — not losst because these exporters have generally beoefitted in recent years from stering's longer term decline against the D-Mark. efence exporters, who predominantly I in dollars, for example, are alreedy cing their concern about currency

Meanwhile Mr Melville-Ross warns that the oil trade would he another possible victim. "Were a European single currency to hardeo egainst the dollar, the countries most dependent on oil exports would suffer disproportionately. As an oil producing far disproportionately. As an oil producing nation and a significant exporter to the US, Britain would be one of the losers," he

Simon, chief executive of British Potroleum, accepts that Europe must maintain exchange rates thet are competitive with the US and Pecific Rim.

However, he believes that Britein eliculd be involved "right at the start" of any economic convergence "so we can play a full part in designing the mechanics of how the system will operate, such as ensuring eccountoidility of the Contral Bank".

Mr Simoo blinself insists that his opinion is hased on technical and political facts. "Phosing out the pound and replacing it with a single European currency is not en emotional issue for me personally," he insists.

But in that respect he mey be unusual for with the future of a single currency still shrouded in uncertainty, in the last instance it is still political instincts, rether than herd husiness logic, that guides meny exporters' reactions. And elthough the economic implications of any union Nevertheless, even on this point there s differing opinions. For example, David mon, chief executive of British Potro-

crisis undermined confidence in a booming energing merkets investment industry, caused rune on several currencies io oewly industrielised countries, opardised horrowings in the internacapital markets. But overall, the tof the run on the peso has been rely limited for exporters seeking to trade finance in omerging markets.

export linance merket possesse a li cuution, especially so wheo comwith the more edventurous ch of, for example, emerging marvestore. Consequently, fuctuations pricing of deals ere often less to than for other forms of financing. I margins have risen for deals in least that for other forms of financing. I margins have risen for deals in least but, overall, few modifications been made to levels of credit surance available, even in the pricticed deals in markets which sufficiently appear from exporters et either a pecialist financiare who use trade paper from exporters et ent based on their assessment of risk — report that margins have tharply for Mexican dealt. Moreover, ser willingness to deal in Mexican has declined. Mexican trade paper

which could he sold at less than 3 per cent over Libor isefore the crisis, subsequeotly rose to about 7 per cent.

Letters of credit (1/cs) are still available, but "In Mexico, people are still weiting to soe what will happen when it comes to short-term financhg," e hanker seys. "For medium and long-term borrowing there is no problem: banks are etill coming in on syndications and are oot changing their quotas."

Thailand and the Philippines were targeted hy currency specutators in the wake of the peso crisis, but this has not been reflected in the price and availability of trade Insence.

"There is more husiness on open eccount than two to three years ago, and we recognise that the Philippines is an

ECD export credit rates inform interest rates for officially supported expert credits (%)

"There is more husiness on open secount than two to three years ago, and we recognise that the Philippines is an improving market," any Terry O'Relly, an underwriter with UK short-term credit insurence.

Problems feeing exportere in the first half of 1935 are coothuling to come from trede fluanciers' traditional areas of cocern, metally the Middle East and former Soviet Unioo.

Iran'e short-term deht problems continue to effect axporters, who argue that double still surround the country's shilling to settle all its outstanding overseas obligations. Some exportere report that precedence is being given to those creditors opening new husiness.

However, as the effects of e aeries of biletarel reschedulings are more widely felt, there are some promising signs. Germany, Iran'e largest trading partner, has re-opened atete inaurance cover for 1/c based deals.

In the UK, smaller creditors heve beeo promised settlement on demand for short-term dehts up to \$50,000. For larger debts, the first repayments are expected this month under a schedule drawn up for the Iranian authorities by Credit Suisse. Dehts of up to \$500,000. For larger debts, the first repeyments in instalments.

Exporters to many east European markets are still obliged to secure payments with new local banks and companies. In problem markets, finance is only evallable when well-known local institutions are involved.

For Russia, e few 1/c deals are now possible. Sales of white goods taye been made on a 30-60 day basis through Turkish and Cypriot banks, European established niche as the Russian market looks to expend its trede with the west on credit-based terms.

Forfalters report interest in the Russian market, with "good possibilities for short-term trade-related business commodities" have been made on several of the newer Russian banks for up to one year, marking e step forward in Russier ability to floance

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Export finance: payments problems

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With newer institutions.

New markets are also emerging in the Middle East, where western bankers are looking more fevourably at Lebanon, where reconstruction has triggered increasing recourse to commercial borrowing and export credits. Rehuliding demands were partially met by a \$400m Eurobond issued last September.

However, with external debt as low as \$764m, according to official figures issued in October, Lebanon is also set to access significantly more trade credit.

Londoo bankers are willing to extend their credit cellings as demand rises. Access to credit depends on which local bank the buyer works with in a system which is over-banked and still generally lecking transparency. Top-tier Lebanese banks are creditivends to focus on these institutions.

for commercial funding. Several European export credit agancies are reeppitaling their cover for the country as the impect of Bulgarle's debt rescheduling in 1994 filters through into the economy.

Agreement oo the rescheduling offered a fresh start after Sofia's declaration, in 1990, of e moratorium on all its international obligations. "There is now a basis on which to consider more deals," a regional apectalist seve. "Evarything is short-term husiness, and most bankers are tooking for cash cover, but 90 days appears to he a reasonable credit period now. For a few deals we can be more generous."

Forfaiters can discount trade paper up to 180 days from the established Bulgarian foreign Treda Bank (BFTB), but some bankers are also prepared to do husiness Commercial finance for the Palestinian Commercial finance for the Palestinian economy will generally be unobtainable until local banks become established, but other forme of funding may soon be available. The Palestinian Monatary Authority (PMA) is setting up a bank monitoring unit with the help of the Bank of England and the IMF. The PMA has tsued a liceoce for the first islaunic trade end project finance bank to be set up in Gnza. The Islaucic Arab Benk will offer mainly short-term and commodity finance based on morndoing (coet-plus finance based on morndoing to deals transacted on an Islaucic besis according to techniquas increasingly used by western exporters to Moslam countries.

The UK's Export Credits Guarantee bepartment (ECGD) has recently made three types of insurance cover evallable for Gaza and Jericho to support UK exports to Palestine, mainly on an aid-thinded or capital projects basis. Mesowhile, large-scala demand for machinary and power generation equipment is reflected in a eteady etream of mediumterm appetite for Indian lending is increasing, says a UK banker.

Trade International Trade Finance

opportunities. insurance techniques, developments and information and analysis on trade and project finance. Published by the Financial Times it has newsletter available on subscription, providing in-depth coverage of trade funding and credit International Trade Finance is a fortnightly

If you would like further information and a please contact Simi Bansal at the address given sample copy of International Trade Finance below, quoting ref. 05301F.

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Exporter's calendar of general and specialist trade fairs, May-October 1995

Agricultural events (moluding related machinery) May 8-12 - Tehran - Agrotood Oct 6-12 - Riyach - Agriculture and Intigation

Safety, fire control end security
Jun 17-21 - Kortdy, - Alam
Jun 21-24 - Smo - Interprotec
Aug 29-31 - New York - ISC Expo East
Sept 27-30 - Berlin SITECH

EleotricaVelectronto engineoring
Jun 12-16 - Paris - intertronic
Sept 6-9 - Dortmund - Elektrotechnik
Oct 11-14 - Hong Kong - Consumer electronics
Oct 18-21 - Sherzhen - Consumer electronice

Printing and otationary May 5-18 - Dusseldori - Drupe May 20-23 - New York - Stattonery

Display and shop equipment May 6-8 - Frankfurt - Marketing trade May 20-23 - New York - Nadi Oct 10-13 - Parlo - PLV

Minng July 25-27 - Mackay - CME

Scientific and medical Sept 5-8 - Copenhagen - Scanlab Oct 4-7 - Innebruck - Micra-Surgery

8hips and boats
Mey 18-21 - Casebianca - Ses Mer
Jun 13-15 - Selling - Mullimodal
Jun 13-16 - Osto - Nor-Shipping
Aug 11-13 - Atlento - AMTE

Food & drink/catering
Apr 30-May 3 - Las Veges - Gournet products
Apr 30-May 3 - Las Veges - Gournet products
May 9-11 - Shusele - ESE (Seetcod)
Jun 13-18 - Nantes - Agrologistica
Jun 19-23 - Bordeaux - Vinexpo
Jun 27-29 - Boblin - Bakex
Aug 10-14 - Hong Kong - Food and beverages
Sept 30-Oct 5 - Cologne - Anuge

Audio visual equipment May 23-25 - Hong Kong - Midem-Asia Oot 7-15 Ghent - Sound & Vision Booko and publishing Jun 3-6 - Ohloago - ABA Jul 20-24 - Hong Kong - Book Fair Oot 3-7 - Bercelona - Liber

Heelthoere May 17-20 - Brussels - Exporned Jun 6-6 - New York - MD&M Sept 21-24 - Essen - Gesundhelt

Chemicale, cosmettes and phemeceutical May 15:20 - Beiling - Achemesia (Chemical Sept 4-8 - Utracht - Drophar

For details of these evente contact Exhibition Bulli Tel: +44 (0) 181 776 2288 Fex: (0) 181 659 8495

Water and air trestment Apr 26-27 - Dublin - Water & Environme Sept 11-14 - Durban - IWSA Oct 3-6 - Perle - Polkutec

Toys Oct 19-22 - Essen - Spiel Feb 1-7 198 Nuremburg - Toy tair

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APRIL 18 1995

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d push a food markets, says Kerin Hope

Such obstacles, however, are shrugged off by Greek fresh food producers who have managed not just to maintain their riche markets abtoad but to enlarge them with unexpected speed.

Fago, the Athena-based dairy producer which started selling Greek yoghurt in Britain a decade ago, is among the Greek food processors that have steadily expanded sales alsowhere in Europe. The value of Fage's exports jumped from Dr2.8hn in 1692 to Dr4.1hn last year, while volume increased from 5.8 tonnes to 6 tonnes over the same period. n overland route from Greece to Europe, bringing slamp indre sport costs, while the strength thms against other European has cut profit margins for managements. Mr Philippou said: "We started exporting more or loss accidentally. The incentive was a British tourist who walked into our plant one afternoon and said he wanted to become our representative in London. He still is."

At first, Fago exported to British by oir, sailing to delicotessens in London. But improvements in processing extended the product's shelf life to accommodate a 48-hour journey by refrigerated truck and the supermarket requirement of et least three weeks? His.

A steadily increasing flow of British tourists to Greece also helped Fags to helped fags to

A steadily increasing flow of British tourists, to Greece also helped Fugs to boost exports. As the company's domestic distribution network was extended to include small outlets on resort islands, the Total brand of strained yoghurt became more accessible to holidaymakers.

British is still Fege's biggest market abroad accounting for more than as

sions to northarn European patterns of yoghurt consumption. Instead of switching in small cups, the company stuck to larger containers designed for the domestic merket.

"Yoghurt is eaten in Greece not as a dessert but as a light meal, and that's how Total is seen by foreign tourists. So wo decided there was no need to change the size of cup or style of packaging for the export market," Mr Philippou says.

Fage's yoghurt exports are forecast in grow by 7 per cent in volume this year, mainly through the expansion into nawar markets such as Germany. Austria and Scandinavia

s introduced standardised milk prod-to Greece in the mid-1970s under a ss developed by Kyrlakos Philippou, mical enginear whose success in Icing n unique hrand of strained irt transformed his family's small businese into one of Greece'a largest processors.

navia. sarnings growth will be squeezed in becausa of dightening margins at



But this may soon be chollenged by Delte Dairies, Greece's higgest fresh milk producer, which entered the local yogburt market lest year with a varied product range and plans to start experting as soon as its domestic base has become established. supermarkats, which has kept down price increases, and in Italy because the drachma has strengthened considerably against the lira, says Damiencs Hodikok-kines, financial director of Daines, the boiding company for the Philippou family's group of companies.

So far Fage has enjoyed a near-monopoly of streined yeghurt exports from

belta would also have the advantage of lose relationship with Denone, the larg-French food company, which includes reaments for marksting sacb other's

coessors.

k yoghurt was previously produced id by individual farmers or small which processad either sheep's or nilk, with few controls on quality shelf life lasting only a few days, alned variety, considered a delicacy of its rich creemy texture, was and to find.

products.

Mr Philippoù acknowledges that Fags could secure its market position and grow fastar by manufacturing yogburt elsewhere in Europe. With transport costs eccounting for 6 per cent of the retail price of Fegs yoghurt in Britain, the company

Exporters in action: Porcelanosa of Spain

atrained yoghurt, made from k, had a shalf life of three weeks, haant it could ha distributed ut Greece and also sold abroad.

Quality control the pillar <u></u> success

Spain's biggest exporter of ceramic tiles says it can easily compete with the best Italian companies, writes Tom Burns glazad floor tiles, designed for luxury living roome, graca tha anirance area of Porcelanoso's huge production plant at Villarreal, then plant at Villarreal, then plant at Villarreal, then there for three month pariods to examine how they withstand the wear and tear of tha plant's 400 employees.

Quality is one pillar of a successful export driva by Spain's dominant ceramics producer. Design is the other.

Porcalanoea's 20-strong dasign unit attands tha ceramic industry's two big annual fairs, Bologna's in October and the one held in Velencin, close to Villarreal, avary March. Soma 80 par cent of the global ceramics business attends thesa two airs but Porcelanosa's dasigners ere increasingly to be found monitoring the

lamosa now earns more than 80 per cent of the income outside Spain. Exports sales from Porcelanosa products and from its subsidiery caramic company Venis tokalied Ptai0.7bn in 1993 and were above Ptai4bn last year.

Almed at the upper range of the consumer market, Porcelanosa tergets its exports at the European Union – and specifically at Germeny, France and the UK – which accounts for 76 per cent of its foreign sales and is in the process of building up its presence in the US and in Canada where export sales represent 12 per cent of the total.

The move inin North America – Porcelauss has started to open its own stores, seven so far, in tha US – reflects the maturity of the European market. In both continents the Spanish company's stretegy is to track the top Italian firms which heve made italy the world leader in caranic design and in ceramic tile production.

"Dealers pick up one of our tiles," seys

examine it, run their fingers over the enamel, scretch the surface with thoir nails, rap it with their knuckies and say "Italian isn't it".

Italy has set the standards by which the Spanish industry - centred on Villarreal - lives, Porcelanoso, by far the biggest Spanish exporter of tiles, seys it has proved that it can competa without difficulty with the best inlian companies.

Pert of the confidence is based on a production process thet has consistantly sought to incorporate new technology. The Villarreal ceramic producers switched the confidence is based on a production process that has consistantly sought to incorporate new technology. The Villarreal ceramic producers switched allowing for a wide product range - Porcelanose hes more than 300 designs in its
catalogue - is essential for caramic axporters as tastes vary widely.

Mr Bellmunt's export department hos
esinblished that, on a general basis, German clients prefer the geometric designs
which the British reject and thet UK customers buy soft pasiol colours and flowory
putterns which have limited sales in Germany. Bright white tiles favoured in
Spain, in southern france and in linly are
toned down into shades of fvory for the
UK consumer and in almond for the US
market.

confidence is based on a sught to incorporate new technology. The triliating from coal-fired energy to netural gas in the 1980s and Porcelanosa, which subscript of quently huilt up its own cogenoration the system for the area. The eyetem enables the clay base for the tiles and their glazing in be fired se part of the same process.

Production advances have holped Villar-real's ceramic sector establish e reputation for quality. Porcelanose has also taken the battle into the Italian camp by seeking excellence in design.

The company's disair-

ompany's dssigners, who have dies and laboratories on the main on site, monitor fashion tastas A flexible production process, Another key feature of Porcolanosa's export drive, particularly in the UK and the US, is what the company calls "the educational experience". The idea is first to show clients that tiles should not be necessarily confined to the potio, the bathroom and the kitchen and then to wean them away from other floor materials such boards, carpets and synthetic products. Seminars or teach-ins that expendents, is being a ceremics are staged for architects, designers and builders. Forcelanosa believes that the business will continue to grow if it porsuades the public that tiles have their place all over the house.

hos considered solting up a manufacturing plant in Ireland.

But Mr Philippou says ho is unwilling to lose control ovor Fage's feelunology for making strained yoghurt: "Wo could manufacture in Ireland witbout difficulty, but I would worry thet the finer points that thake our yoghurt-making process unique would become common knowledge on the European dairy market."

Instead, Fage plens to start exporting standardised fote choese, the white cheese made from sheep and goat milk which is as much a staple of the Greek diet as yoghurt, and is popular with tourists in Greek sainds.

widens Professional involvement

Allen Sammers and the State of the Southern a control of the State of

FINANCIAL TIMES TUESDAY APRIL 18.1995

xport finance: payment transfers

FT EXPORTER 23

23

Commission toughens ij stance

licholas Lansman finds Europe concerned to speed up to flow of funds across the EU, control costs and provide ustomers with the right information

Commission has drawn up two proposals for legisletton in a bid to encourage tha speediar Gow of funds across the European Union. The payment of his scill slow and custly. In 194 the Commission, in one of its most involved.

Transforring money between hanks ocross the EU is still slow and costly. In 1954 the Commission, in one of its most intended by the banking sector with double charging occurring in 42.5 per cent of ite transferred.

The average time delay for funds to reach their destination was 4.6 days. The sum transferred.

The average time delay for funds to reach their destination was 4.6 days. The sum transferred.

The average time delay for funds to be survey also discovered that 63 per cent of fants braisfer of success information available to the customer, minimise delay to the customer, minimise delay to the transfer of funds and aliminate double charging, where banks mistakenly charge tha raceiver of funds when the

yoghurt, and is popular with tourists in Greek sainds.

Like yoghurt before Fago entered the market, most feta is currently produced by small cheess makers without the necessmall cheess in small vacuum packs for both domestic consumers and for axport. "It is the same neturing as exporting yoghurt — a niche

Following closely the voluntary guidelines of the European Credit Sector Associations (ECSAs), the directive calls on
banks to give cusinmers information on
banks to give cusinmers information on
bow a transfer can be made, its cost and
how long it will taks. It also provides a
requirement for ex post information in the
form of a statement once the transfer has
been mede.

The directive's purpose is simply to rein
force the banks' stated practice concerning
transfer dolays. Unless the trainfund has
informed the customer of its time-scala for
complating a transfer, a maximum delay
of six deys is imposed. Tha legislistion also
includes an article on compensation for
sto payment or "lost" transfers.

The proposels aim to aredicate double
charging by automatically essigning all
charges to the originator. The onus will be
on the banks to ascartain if a cusinmer's
instruction diffars from this. Any charges
which are deducted without authority
must be refunded.

The Commission's proposels have not
been welcomed by all. National Westminster Bank believes a voluntary code would
produce better results. Early in 1894 it
launched NatWest Relsy, a fixed price payment system for making low-value crossborder payments. The service covers more
than half the EU member states, and more
countries are set to join following negotiations. The Schame guarantees thet the full
amount of the transfer is received by the

beneficiary within of six days for e single fee. In the UK, this is £9.

But other financial institutions support the need to improve trensfer systems. IBGS, the interbank online system set up three years ago by the Royal Bank of Scotland and Banco Santandar of Spain, praises the Commission's approach. The IBOS natwork covering over 4,000 locations sends cross-border transfers alectronically in just under eight seconds.

The Commission's accound piece of legistic payment. The proposed law, in the form of e recommendation, sets out the

WE HAVE OUR OWN SYSTEM FOR ENSURING SWIFT SETTLEMENT OF BILLS MR SIMBON AND IT DOBN'T INVOLVE AN EU DIRECTIVE

ment periods and requires member signas to implement the measures using their own legal systame. Three areas of improvement are identified:

• Greater openness in contractual relations, particularly in cross-border transactions where pleading ignorance of "customary prectica" will no longar ba acceptable is an excuse for late payment.

• Better halanced contractual relatione. This attempts to improve the imbalance created when large companies abuse the freedom to determine payment periods when dealing with smaller businesses.

• Stronger punitive measures to deter late payers from hreaking contracts to gain financial adventage.

Many payment difficulties occur due to poorly defined contracts. Payment periods are often vaguely expressed as "payment within 30 days", without a specific starting point, such as the dalivery or invoke dato. The recommendation requests clarity in commercial contracts, including the procise date when payment falls dua.

To spaed up legal procedures and increase interest on late payments the processed legislation puts forward three measures.

posed legislation puts forward tures measures:

• A request that member states recognise the right of creditors to interest on arreare as soon as the contractual or statutory period has been exceeded.

• A proposal in sat an appropriate level of interest, which should affectively dissuade had recovered.

bad payers.

• A call for fines to be paid by late payers, over and above interest, to cover administrative and legal costs incurred in tha recovery of oxtatanding monies.

Export finance: the Multilateral Investment Guerantee Agency

rotection against the unpredictable

The World Bank agency's guarantees help reassure those planning to invest in countries with volatile political and economic cilmates, writes Jon Marks



offer a rich seam of opportunity for foreign contractors and substantial benefits for a bost country nrgently needing to increase its export revenues. But who is prepared to take the risk in a rolatils political and commercial environment?

of Gnarantee Agency (Miga), helped Peru to secure its first major inward investment in 20 years – tha \$45m Minera Manacocha Miga issued insurance cover to the foreign partners, providing \$5.4m to France's Compagnie Minière Internationale Gr and \$7.5m to Newmont Second Capital Corporation of the US to cover the risk of expropriation, war and civil dieturbance. This was not available in the private merket. The mine, in northern Peru, is expected to the yield about \$34m a year in exports.

The allocation of guarantees by a World Bank ageacy, the Multilateral investment rokerage increasing

intituded from page 22 at Brownlees, managing director of political risk brokare invoctment insurance interactional (iii), soye brokering counterrada related political risk insurance at Joyds of London and among other private comparies "comprises a significant part of our business — possibly around 30 por particular and possibly around 30 por page 150 possibly around 30 pos ideally, many LCR members would like in see similar specialised credit insurance support from the UK government — and they have increasingly pressed for this in talks with officials at the Department of Trade and industry.

However, short-term export credit insurance, into which category countertrade-related cover would normally fall, is now handled by the privets market following the sala over three years ago of the Export Crodits Guarantee Department's short-term division.

Thus the government lacks a ready vehicle for such support, avan if it was inclined to provide it. And the general feeling appears to be that the private political risk insurance market is able to offer sufficient cover.

This issue aside, LCR representatives heve regular meetings with DTI officials designed to raise the profile of membere' activities. "We want British trade offices around the world in be constantly in touch with what we can offer," says Mr Linger. ing countries.

Insurance against the political risk in uncertain merket conditions "gives comfort to investors that they have long-term protection against a group of risks which see inbarently ampredictable in their nature", says Gsrald T West, Miga's senior guarantees adviser.

Miga's role is growing. Thirty-saven guarantees contracts issued by the agency in the first nine months of its current fiscal year ending June 30, 1995, provided \$365m in cover, only \$8m less than in the whole of fiscal 1994. The agency has 128 full-member and 22 imminest member of countries. Gally Anstralia, New Zealand and Mexico are absent emong major industrialised subscribers.

"The expansion of Miga's membership has been critical to our recent success," Akira itida, Miga's executive vice-presticant, seid recently. "Poisnital investors know they can turn to Miga for insurance cover in most developing and transitional countries".

Ho adds that the main takers of such thourance are banks and traders involved in deals with eastorn Europe which can concorn, for example, deliveries of metals, oil and hops from countries in the region. If brokes similar risks for countertrade deals in Africa and South America. Typical commodities involved in deals with these regions include coffee, cocea and sugar.

in the UK, the government does not prode specific expart credit insurance suprt for countertrade transactions—
like, say, in France where special govnmont-backed credits are in place to suprt, for example, sugar-for-wheet deals
tween Cuba and Freuch traders.

The provision of guarantees for private sector projects in developing countries bas become a priority for internetional financial institutions (IFIs). Traditional World Bank and other credits to state organisations are no longer seen as an adequata means of supporting devalopment in countries where the private sector is emerging as the motor behind growth. aggregate of some \$3.5bn. This should halp overcome the oriticism voiced hy some that it often does not have the capacity to lutervens in big ticket projects.

companies and commercial banks from the industrialised world are increasingly seen as a solution. The World Bank is developing this capacity through its new guarantees and the intervention of its private sector affiliates, the international Finance Corporation and the smallar Miga. As an egency affiliated to, but financially independent from the World Bank, Miga was created in 1988 to insure foreign private investment inin developing countries.

Insurance against the political risk in

tions is big infrastructure projects, especially so-called Build-Operate the construction consortium operates the project, for example a powar station, for an agreed period to raccup costs and generate a profit.

Structuring these remains problematic because of the limited ability of commercial lenders to provide long-term financing in markets with difficult local conditions and unclear legal structures. And also doe to the limited availability of host country guarantees.

An expanded role for Miga is seen as essential in a world opening up to increasing volumes of foreign direct investment (FDJ) in manufacturing, mining and other projects in regions, such as sastern (FDJ) in manufacturing, mining and other projects in regions, such as sastern Europe, Latin Amarica and Asia.

These vantures involve eerlous political risks, including possible losses from curtiled currency transfers, expropriation, war and civil disturbance.

By amploying Miga's guarantee facility, often in conjunction with other agencies, investors were abla to protect \$1.30n in direct investment in fiscal 1994 against such occurrences.

Demand for Miga guarantees is greatest in Latin America, especially for exporting in cover for Sumitomo Corporation's 20 per cent share in the La Candella copper-gold project. The export of concentrates for final processing is anticlesses sales during the scheme's more than 30-year life.

Samuel Brute.

FT EXPORTER 22

FINANCIAL TIMES TUESDAY APRIL (8 15-3

rofessional involvement widens Export finance: countertrade





Moreover, the collapse of communism diminished the importance of Vienna's geographical location.

consultants, representatives from the accountancy and legal professions – and a leading political risk insurance broker.
Jonathan Wood, partner in international law firm Glyde & Co, is one of the newer members. Clyde & Co has offices in a number of locations where countertrade husiness can emerge with regularity – including Venezuela, Brazil and Russia. "Countertrade deals these days are a matter of some legal intriceor," saye Mr Wood, Central to the need to estebbleh legally watertight deals is the general absence of covereign guarantees.

The privatisation of former state trading couponies in eestern Europe and alsewhere has removed an important source of comfort to western exporters and traders in an area of commerce often riddled with uncertainties.

countertrade skills and services available in the UK.

These are found largely in and around d. Condon, which arguehly has taken over in from Vienne as the world's countertrade capital.

Vienno's pre-embent role as a countertrade capital.

Vienno's pre-embent role as a countertrade capital across post-war Europe, the Austrian capital atood on the divide between a cash-strapped communist bloc and the west. The former needed the latter's goode and services, but could not pay for them. Enter the countertraders – bankers, traders and middlamen capeble of generating deals which normal commercial logic often suggested should not happen.

Leading formal institutions at the heart of Vienness countertrade, such as Centrobank and AWT international Trade and Fluence, remein activaly involved in countertrade husiness – offering their services to clients worldwide.

But many of the small freders and fullvices to clients worldwide.

But many of the small freders and fullvices to clients worldwide.

But many of the small freders and tralividuals – often with caotrel European backgrounds – who also formed the backhone of the Vienness countertrade community, are no longer around. They bave alther died or retired.

geographical location.

"These days counterrading increesingly including Bingapore, Paris, Berlin, Amsternal dam — and London," says Alan Linger, Mr Linger is also secretary of the Longon, and don Countertrade Roundtable, en cumbrella hody set up in the late 1980s to we foster and promote London as a counter-trade centre.

"These days, countertrade is not so cut undertrade dasis were problem-solving entities in themselves — straight goods for goods barter deals, but, more commonly, counter-purchase trensections where two kets.

Parished to purchase goods from an each other.

ntil recently, in the event of a deel collapsing, recourse to stete-backing were often avoilable. "People knew where they etcod," says Mr Wood. This hos oil changed, he adds.

This hos oil changed, he adds.

Clyde & Co's involvement to a countertrade deal can often begin with o close examination of the financial status of its client's trading partner. It can sometimes end in overseas courte, pursuing compensed in overseas courte, pursuing compensed to perform.

The legal aspects of countertrade have now become sufficiently important for the libernetional Bar Association to have its own countarirade sub-committee to mondown countarirade sub-committee to mondor of commercial law.

Another defining contribution made hy London to international countertrade is the provision of political riek insurance cover for finance involved in such deals. This wider professional involvement, which can additionally include, for example, the use of sophisticated price-hedging techniques on the Loudon commodity futures markets, is reflected in the membership list of the LCR.

This includes banks such as Standard Bank and Kleinwort Banson (which is essociated with Vienns's Ceutrohank); commodity brokers and dealers; privete "They ware complicated enough, but et least they were self-contained," saye Mr Linger. "Now it's e different story – thay often involve a lot more input: export credits, different types of insurance and commercial finance, much more legal involve-



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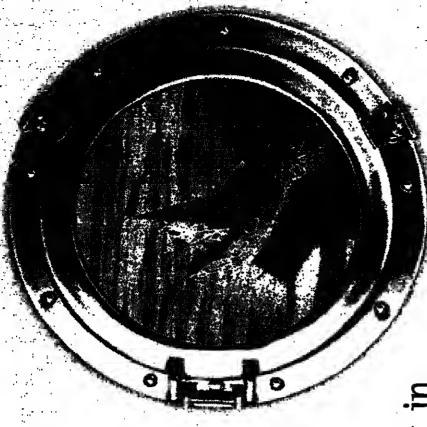
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EXPORTERS IN ACTION: A series of case studies looks at how effectively

expenses in various countries have

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Ruled by Russia before its independence in 1917, Phaland has humbreds of years of experience of deeling with its big eastern neighbour, with which it shares a 1,200-km frontler. In the post-war era trade with the Soviet Union became an important, plan or that 25 per cant of Finland's exports at its peak in the mid-1980ac.

The trade collapsed along with the Shviet regime, contributing to the deep recession Finland suffered between 1980 and 1988.

Slowly, cross-border trade is building up again, reaching more than 7 per cent of exports last year. Todey, however, the trade is based on lower-level, company-to-company dealing, rather than on the hig scale, government-to-government arranged trading that characterised the old way of Finnish-Soviet business. In the new era, the onus is on individual companies to seek out Russian markets for themselves.

One unlikely company which has taken elvenings of the transformation in Russia is Design Talo, a small firm making wooden houses for private clients in the northern industrial city of Kemi. The experiences of Design Talo offier an insight into the opportunities – and difficulties – involved in doing business in Russia.

Design Talo's owner and manager, Eas Kurkela, was a typical victim of the catastrophic collapse of the Finnish construction sector in the early 1990s. Mr Kurkela had been running a company making more than 500 private houses a year in the late 1980s, employing 300 people. When the late 1980s, employing 300 people. When the Finnish market for private houses associated and owner of a networking consultancy, heard two years ago that the local enthority in the Russian city of Cherepovits, 600km north of Moscow, was looking for a company to supply municipal guesthouses, he approached Design Talo.

"We took s car and drove the 14 bours to Cherspoylts, through the snow and the cold," says Mr Hurtlg. "The radiator froze and it was s tsrrible journey. But we got there, we met with the municipality and the building engineer, and we looked at the area where they wanted to build."

bid to build two houses. Drawing up the details, preparing a contract and finally reaching a deal with the Russians took several arduoue months. The deal involved bringing into Russia all the materials needed to build the houses and all the labour from Finland.

Design Talo insisted on full payment in advance — a sum of about FM700,000. The local euthority agreed, but the payment was slow in coming. Faxes were exchanged.

"Finally, the Russians said the problem

ially, the Russians said the problem ially, the Russians said the problem ney didn't bave any Finnish markka, dollars. We taughed and said just us the dollars," says Mr Hurtig.

ers, trade with the Soviet Union me an important pillar of the Finnish

The bouses were built and the Cherepove its authorities were pleased with the outse come. They ordered four more houses it from Design Talo. Mr Kurkola, still onxitous for new business, was hoppy to oblige.

But expanding further in Russia is by no means an eosy option, especially for o small company, such os Design Talo, a small company, such os Design Talo, a which is beginning to see business in its home market pick up once more.

For the second contract Mr Kurkola managed to include a significent proportion of Russian workers in the workforca, under the supervision of a Flunish forest under the supervision of a Flunish forest under the supervision of a Flunish forest in gmaterials and interior equipment and to be imported at greet expense and inconveniance from Finland.

Payment, too, continued to be a problem as Flunish banks are reductant to sceept guarantees from Russian banks.

Doing business with the Russian private

who potentially would be good customors for a company building high-quality villas - is even more difficult. Privoto customors ors, says Design Talo, are more refuetont to pay fully in advance and much more prome to query the final product.

"With o private client you have to hove much more detailed cootracts to marrow down any room for disputes over payments. They ore understendably concerned about dishonest componing that may be out to make a quick profit," says Mr Hurtly. "You have to build up trust and that tokes time."

Design Talo has undertoken one private contract in Cherepovits, removoling a resturant. But the coupany is now increasingly reluctant to get deeper into the Russian market in its present state. "It is too hard. What we want to do more is to sell our know-how to them, rather than carrying out the whole building project. That is what they need in Russia — to build up their knowledge," says Mr Hurtly.

Exporters in action: Arbed of Luxembourg

Verseas sales stand for survival

Lecomto, a spokesman for TradeArbed, the principal commercial organisation of the principal commercial organisation of the principal commercial organisation of the file to only 6 per cent."

Given the location of the Arbed group's plants, its core merkets are the Benelux countries, France and Germany, where a Arbed mills sell 63 per cent of their flat products and 54 per cent of their flat products. It is the group's terminology, "exports" refers to sales outside Europe, which represent 23 per cent of long products and 27 per cent of flat products. It is these sales which are carried out by TradeArbed.

Last year export sales totalled juet under 2m tonnes of group products and a similar amount from non-group sources. In the future this figure will certainly be higher because of the acquisition of flat products menufacturer Stahlwerke Bre-

synonymous with development and growth in most European councies, but for this industries, but for this industries, but for this industries, a country with bourg, a country with beraly more than 400,000 inhabitants, it stands for europeal. For no company is that mora true than for Arbed, the Luxembourg-beed steel company which was founded in 1882 on the (now exhausted) iron ore deposits of the Grand Duchy's mining basin. Over the decades Arbed has grown into a multinational group which ranks today as the third largest steel producer in Europe and the fifth largest in the world.

For steel firme in German, Franca or farter that the fifth street world.

Based in a tiny country, one of the world's largest steel producers must rely on foreign markets, writes Simon Gray

The company once had a centrelised, "department store" structure but o restructuring of the Arbed group in 1983 into sectors of activity and autonomous business units, reoriented TradeArbad towards managing the group's global sales network, acting as a seles ogent for the rew business units in non-core markots, and co-ordination of the group's trading activities.

Today the global network is divided into four: TradeArbed Europe, based in Luxembourg and covering western Europe and Trukey: TradeArbed Singapore, covering the Americas; TradeArbed Singapore, covering the Far East; and TradeArbed Exportation, also based in Luxembourg and covering the rest of the world.

Worldwide, TrodeArbed employs 400 staff and has subsidiaries and ogents in more than 50 countries. Most recently it established a presence in Ho Chi Minh testablished a presence in Ho Chi Minh testablished a presence in Ho Chi Minh testablished as prese

FIJANCIAL TIMES TUESDAY APRIL 18 1995

FT EXPORTER 21 ۵.

Exports on the move: packaging certification elivery precautions pay off

14 142

Tony Bush finds that a stamp of approval can lower the cost of going to court over damaged products

"stiamp of approyal" is now eveilable to help exporters who fear
tostly litigation where disputes
yver goods damaged during delivery,
increasing number of exporters are
go to tha US-based international Safe
it Association (ISTA), whose package
rification is widely occepted as reprification is minimums.

Courts generally recognise that exporthave dons their best to protect their products in transit and any compensation costs
awarded against them will generally
constituted that exsociation's imprint
have dons their best to protect their products in transit and any compensation costs
awarded against them will generally be
considerably lower.

ISTA has designed a programme to heip
manufacturers of any product reduce hanmanufacturers of any compensation costs
awarded against them will generally be
considerably lower.

Exports on the move: precise packaging

A device which recorde the strains endured by cargo during transit will help reduce breakages oundaries esting the damage

block box called the Sover is living up to its name by helping raduce adamage to goods in trensit. The ce is set to hecome on leapertant ament in the field of "precise packagand cut out excessive padding materi-

cost of damoged corgo is rising glicut Europe. Two countries have up what they believe it is costing exporters. Sweden puts onnual losses tween Eculion and Eculion and any estimates its exporters' bill at Ecudion.

of the US Space Pro-over, manufactured by las, Texas, comprises the

unno, the Sover, manufactured by namon, the Sover, manufactured by sanont of Jadlas, Texas, comprises the set technology and accomponics cargo record the strains endured.

The size of two cigarette packete, that is size of two cigarette packete, that is read as 2.4 megabytes of storage copacand records a variety of data, including day, time, temperature, humidity and ols of pressure, vibration and shock. Treviously this function was carried out "wiring up" products and hoving sometravel with a consignment recording rations and shock; or by use of an Electric Lata Recorder (EDR), a device similar to the Saver, but without its wider go of capabilities.

be Sever has eight different channels pared with the EDR's four and a range additional functions. For example, it split the measurement of vibration shock, allowing separate assessments

Over any given period of time we can ord what damage might be caused," is Ben Parsons, business manager, disbution and testing services, for UK-bution and testing services, for UK-bution and testing consultaocy and Pira International.

I'm - n leading consultaocy and curch organisation for manufacturers, ppliers ond usore in the packaging, per and board and printing and publish; industries - sees its role as providing ito and practical help in a number of ms, including design, materials and packaging, legislation compilance, expele analysis, recycling and packaging materials.

manufacturing.
"source reduction" (the protection of incident and olbrination of unnecessary ingling). Pira acts as a scientific investor, its task is to look at a product and for, its task is to look at a product and its look it might be damaged during

I idea is to wipe out the problem the journey begins sud, at the same reduce the packaging required," soys

Wa ask many questions. Can we taka a ticular packaging material out of the leu? Can we use recycled materials? there ways of strengthening materials make them more suitable for re-use?" Parsons believes many exporters all miconcerned about packaging. sey just don't worry. They expect - or

up sales in the newly industrinising economies of Asia. China hes been the focus of a sales drive ebice the mid-1980s, when an office was established in Beijing by TradeArbed Singaporo.

Arbed regards its rollance on exports as a constant discipline. "Exporting forces us to be competitive," Mr Lecomte says. "Vo bove to competitive," Mr Lecomte says. "Vo bove to competitive," Mr Lecomte says. "Vo bove to competitive, and Lupanese in Asia in the United Stotes, the Jupanese in Asia and increasingly Korean exports."

Arbed first set up a eales subsidiary in the US in the 1920s and today the group's structure there, Arbed Americas, employs more than 500 people.

While eoles in the US include output of Arbed mills in Luxembourg, Belgium and Germany, TrodeArbed New York also sells non-group products, especially from Eoston Fluope, when demand is particularly in heevy.

It Tide trading activity embles the sales aftracture to survivo events such as the plummeting of the dollar.

taged goode to withstand shock and vibration. The association says its programme is based on the premise that "all manufacturing, engineering and quality efforts are in vain if the product arrives at its destination in e damaged condition".

ISTA's co-operation with shippers, packaging suppliers, testing laboratories and carriers enables it to establish and monitor e standardised programme of pre-shipment testing, certification and identification of packaged products. The Safe Transit Seal is used to identify packaged products that meet ISTA criteria.

Those eligible to become members of ISTA are shippers, laboratories engaged in certifying packaged products in accordance with ISTA specifications, certiars, and what are referred to os "sustaining" emmbers - those that provide the industry with design and consultancy services, packaging materials or capital equipment. According to Ben Parsons, presideot of ISTA, the association is used by industry set "o damage limitation exercise".

The cost of going to court over damaged products can be substantial, eavs Mr Parsons, who is also a business manager at UK-based Pira Internetional, a consultancy and research organisation for those suppliers and users of packaging. "But, if it comes to it, Pira will act as an expert witness on behalf of ISTA members."

Ha says thet costs against defandants have in some cases been as low as 10 per cent of what might heve been the case if the packaged product hed not been certificated by ISTA. e pattered product not not been remained by ISTA.

Thera is an increasing tendency to turn legislatton," ha says.

Against this beckground, exporters

器 7 THE ELECTRONIC MONITORING SYSTEM SHOULD BOLVE ALL OUR FREIGHT SPOILLAGE PROBLEMS 8

hope – it will do the job. And invariably if outling goes wrong transport or warebouse companies get blamed, often quite incorrectly."

Pira can belp exporters by testing a product's endurance. "We will put it through e regime that will take it to its limits and the chances are something will crack of break or a part will be sbaken out of the chance of the control of the chance of the chance

of place."
Once the damage boundaries have been stablished. Piro can then advise clients what modifications a product night need and/or specify what level of packaging is required for, for example, a particular environment.

At this stage, it may be decided to insert the Saver into the product, or its packaging, to record precisely the environment it encountars on its journey from warshouse to customer.

When the results are analysed, Pira can advisa on what cuchioning forces are required to prevent similar damage occurring in the future.

One company that used the Saver's predecessor, the EDR, is J&B Scotland, part of the international distillers and vintuere group IDV. George Wardrop, quality manager, projects, says that on one occasion it was necessary to check the forces bottles of whisky and vocks were subjected to in the firm's internal distribution chain.

The EDR was placed in a corrugated shipping case that was then purposely dropped off the rollers at the end of the production line, to produce "a timed event", and then taken in the normal way to a warchouse 3,000 metres away, where it was palleted and stored.

Mr Wardrop says that for any subsequent trial, J&B will probably use the Saver.

"The EDR gave us a lot of infirmation. In fact, we got what we asked for but we would have also liked to measure compression forces, which it wasn't capable of giving us. We would be able to get those from the Saver."

Tony Bush

should exercise greater caution and ensure a producta are correctly packaged and that they use repituble carriers.

"Another precaution that can be undertaken is to instruct an agent at the point of delivery to witness the unloading—and he should also have a camera with him," hays Mr Parsons.

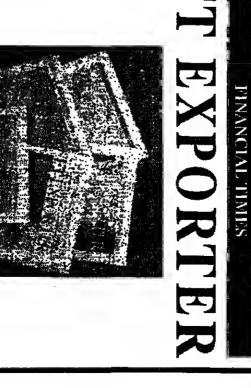
In many cases, damage cases end up in court bacauss the products trivolved affected had been heading for a production is brought to a halt. Estimates of toet output can than often become the basis of a claim, rather than just compensation for the dameged product theelf.

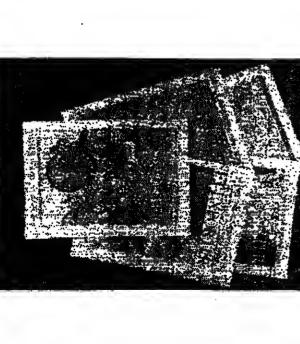
"Insurance companies will take note if certified packaging has been used," Mr Parsons says. "That certificate will help, es will the fact that wa will be fighting the client's corner. And wa should be able to defend a situation as long as no incorrect material has been used."

Many things can go wrong in during the transit process but high temperature and dampness are the most common problems. However, Mr Parsons says that as long as exporters have used tast houses and put their products in good packaging, litigation can normally be avoided.

ISTA provides a training video showing the emparature of pre-alignment testing. It, for exampla demonstrates test equipment operating skills such as those seeded for drop and incline impact testers and environmental chambers.

Further details: contact. ISTA's Chicago office. Tel: (\$12) 645 9088. Fax: (\$12) 645





FT EXPORTER: A-Z of Exporting - July 12th

The next lesue of the FT EXPORTER, Europe's laading export review will appear with the Financial Times throughout the UK and the Continant, on July 12th, and for the first time ever will take the form of an A-Z of Exporting. Packad with advice, information and case studies it le a "muet read" for ell current or

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APRIL FINANCIAL TIMES TUESDAY

FT EXPORTER



director: the fashlor Export finance: factoring

insurers help ease collection payment Credit

As companies trading abroad increasingly leave credit control to the experts, Alan Spence finds that a greater range of services could become available

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Norway	Ø	20	0	Omen	מט	7.7	848
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with next season's collections constantly in mind. But bakind the acenes, factoring company Lombard Natwest helps to keep the nets on the catwalk by other sort of collection. West and Ally Capallino attonship almost a decade amerging fashion house feeting dahts was diverting tion nway from designing

mpany, with an annuel turnover Eim, has clients in many coun-hiding the US, Japan, Talwan, 9, Italy, Greece, Francs and Bel-

takes even more time and adds to angue barriers, local trading custood differing legal practices are the problems. So Lombard Natwest is sales ledger, although Ally Capelrector Jonathan Platt has constant to the figures. "What we do best is clothing," he seys.

ver, factoring is not just about column, it also protects debts and payment; it also protects debts and man eachlow.

ombard NatWest, for example, assesses
y Capellino's clients for credit-worthiss, establishes credit limits and guarans approved accounts are paid in full—
an if the customar subsequently

account" business takes place, says Lombard NatWest marketing director David account trading occurs where cil-ive a good credit ratiog and the es in which they are located do not habit of interfering with currency nes ends - war pler war we tell the supplier was good for £50,000, £25,000 or notings Mr Kilburn. Sometimes Low NatWest may not feel comfortab the risk. So it may suggest instead or supplied the result of the supplied of t

d NatWast, in commoo with tors, presses hard for overdus

"If we say we will sue, we sus," says Mr (ilburn, "orberwise we would lack credibility". He adds that Loobard Natwest as not hesitated to put companies into daninistrative receivership.

The cost of factoring varies, depending in the nature of the services offered and whether other payment guarantors, such an export credit insurance agency, ore

The cost of guaranteed psyment collection services range between 1 per cant not 3 per cent of the valus of invoices, depending on the number and value of invoices involved. If an export credit insurer, such as NCM Credit Insurance, is separately guaranteeing payment, Lombard NatWest for instance, will cut charges by 0.5 per cent to 0.8 per cent.

The fundamental features of factoric payment from this buyer.

The fundamental features of factoric have remained more or less unchanged in many yesre. However, the prospect increased involvement by credit thaure could mean a greater range and available ity of factoring services to exporters.

NCM, for example, says it is keen to explore over areas of business with factoring companies and has built up closs relet tousings with several, apart from Lombard Natwest, iocluding internations and companies is by providing an audonsement which makes tham into a joint insured party on the exporter's policy. This gives the factor extra security whso providing services to the exporter.

Traditionally, exporters using factoring services bave come from the manufacturing sactor. However, more and more exporters of services are using them.

According to Paul Hancock, sales and narketing director at international factorics is infents are in the distribution and services udustries. Mr. Hancock says it is particuarly important for such exporters of duninister their sales ladger tightly as selv issued invoices ofteo represent their hymajor asset.

Another key trend in international factoring is the increasing number of countries with whom it is possible to conduct factored business.

Paulo Bolzoni, directory

ce is Editor, International Trads o bi-monthly Financial Times

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toring process begios - s

usiness acceptsd for factoring is evenly divided between thoss who want a collection service and those ing. both collection and funding of

o 0.8 per cent.

cases where exporters are seeking a from the fector, an edditions of, typically, 2 per ceot to 8 per above bank base rats will be when the factor receive nut from the buyer.

lynwed is thus exhibiting a trend ing the larger manufacturing groups of

FT EXPORTER 9

FINANCIAL TIMES TUESDAY APRIL 18 1995

tackles world markets Exporters in action: Trumpf of Germany

subsidiaries gives a relatively small manufacturer a global presence, writes Frederick Stüdemann An extensive network of

E

[00]



According Ludwig Ludwig Litzsnberger, distribution of the director and board member, Garman machine tool maker Trumpf "Ilves largely from exports" with roughly two thirds of sales taking place outside Germany.

The privately-owned Mitterstand company, based in the southern German state of Baden-Württsmberg, was established in 1923 and specialises in machinee for punching cutting and shaping shest metal and had in turnover of DM624m in the year to end-June 1994.

Trumpf's main toarkets are Europe, Where non-Garman sales make up roughly 38 per cent of total turnover, the US and Asla, which account for 20 per cent and 12 spor cont respectively.

Trumpf began exporting in the early 1950s and eince then has established an existinsive untwork of aubsidiaries and declerables. Ae

Living from exporte: Trump! ap

well as manufacturing in Gernany, where the more than 60 per cent of Trumpf's annual coutput of 840 machines are made, the company also has factories in Austria, Switzerland, the US and France. Along with many German engineering companies, Trumpf sources components from sastern Europe, particularly the Czech Rapublic.

Of the 13 subsidiaries, nine are in Europe, two in Asla and one each in the US and Brazil. Their work is vital to Trumpf's exporting strategy as not only do

region, each as Singapore and Japan.

Demonstration centress and trada fairs are vital to the company's overseas sales operations. The company has established sites across this world where customers cmi view than and discuss thair own needs.

Trumpf also takes part in 40 trade fairs a year. "These are extremely impurtant and require a lot of detailed advance planning, which can stort up to nius months in advance of the fair," says Mr Litzenberger. High costs at bome and the strength of the D-mark ahroud bave been overcome by raffung the manufacturing process and cutting away internal hierarchies. According to Mr Litzenberger these have created production cost savings of 26 per ceot.

Trumpf is also daveloping slimmed down and cheaper products for the export market. "In Germany we bave tended to over-develop products," says Mr Litzenberger. they act as sales offices, but they also provide coosultaccy and after-soles services to customers.

This proximity to the customer is, says

This proximity to the customer is, says

Mr Litzenberger, vital in the machine tools
sector where products are continuously
upgraded and in used of maintainance.
Also giveo that Trumpf's machines cost
anything between DM550,000 and several
million D.Marks, the reassurance that
comes from close contact is important.

Alongside the subsidiaries, Trumpf has
negotinted about 40 exclusive dealership
contracts across the world. According to
the size and importance of the market
these are also serviced by specialists from Trumpf or dealers are trained
by the company.

This combined network gives this relatively small company – it bas less than
3,000 employoes – a global presence. New
markets, such as Vieinam, are then serviced, initially from existing offices in the

presence

Overseas

Exporters in action: Glynwed International of the UK

stability

crucial to

"By taking away the frills Trumpf can further overcome cost barriers."

In response to the etrengthening of the in response to the etrengthening of the D-Mark the company is expanding its US manufacturing operations. "Wa will export more from the US, especially to countries whose currencies are linked to the dollar, such as Teiwan," says Mr Litzenberger. In the medium-torm, Trumpf plans to establish a manufacturing operation to establish a manufacturing operation to establish a manufacturing operation to Asia with Singapora, where a subsidiary and competance centre was set up two years ago, a possibla location. Moving into Asia would bring cheaper production costs and give Trumpf a presence in one of its most promising regional markets.

"If you bring the same competance and service into your foreign markets as you do in your domestic one then you can help overcome the hundle of currency," Mr Litzenberger says

لمكذا من الأحل



An engineering group sees exports as protection against uncertainty in the domestic market, says Paul Cheeseright

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Asia.

In a further example, the US maintains trade barriers against hot rolled steel products, but ecocomic recovery in Europe stimulated demand nearer home. Meanwhile cold rolled steel has started to generate revenue in both continental Europe and in couotries around the Pacific.

Within the range of Glynwed's materials processing, plastic products will assume a role of greater and greater hiternational importance. It is towards plestics that Glynwed is directing its investment. It will seek to build a leading market position, as it has done in thermoplastic pressure pipework, across a range of selected product areas.

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FINANCIAL TIMES TUESDAY APRIL 18 1995

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Exporters in action: Asquith of the UK Heading out on to

foreign

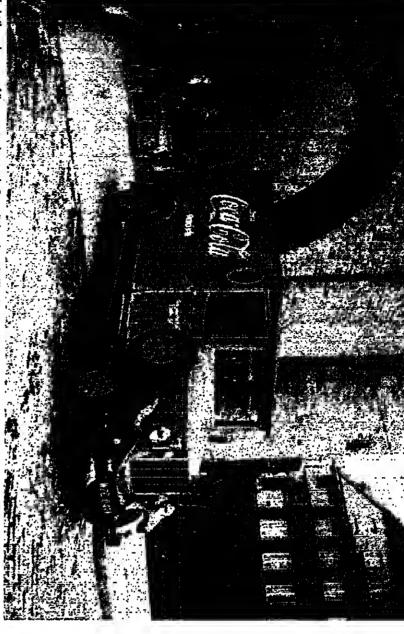
roads

countries, says Rhys David The replica vans of a small vehicle maker have found their way to a dozen or more

depletad ranks of UK-owned motor manufac-turars, the Asquith Motor Carriage com-pany, with a current total output of fewer than 50 vehicles, is very

e products it makes at a sprawling sear Braintree in rural Essex have alphag one of the world's best-wands, Coca-Cole, to gain a foot-Poland, the Czech Ropublic and a of other markets.

One of the first export models went to Germany where a McDonald's franchisea was having difficulty persuading enough customers to visit his off-highway location. The enswer was to drive one of tha Asquith vehicles in McDonald's livery back and forward between two exits on



which exit to use.
The trick worked and turnover rocketed.
A further 60 vans have also been sold since in Germany.
One of the latest orders is for a vehicle

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in spite of an export ratio of 70 per in spite of an export ratio of 70 per recent years, it has not all been motoring for Asquith, or indeed for dful of UK competitors. The recent the late 1980s seriously affected if the luxury products manufacturitations who were using Asquith the the UK for deliveries, and the high budget which often supported chase of a van was among the first of he cut

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The vars — custom-built fibreglass bodies mounted on a standard Ford Transit van chassis – suffer, too, from the opposite of bull-in obsolescence. The manufacturing process draws on craft skills from furniture making and boet construction and results in a highly durable and easily repairable product, which, to make matters worse, cannot date any further. As a result the life cycle of each product is long, with a modest but neverthaless healthy after-market else operating for unwanted vehicles.

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ith hae egents in 13 countries but of these are active, indeed, one of ain fectore holding back further ion oversees, according to Mr Reed.

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pecialists who and the mar-lents, and not

the recession the company subsequently slipped into losses.

Last year, however, Mr Reed re-acquired the company from the privately-owned Hunnable Holdings which had taken control in 1884, and a small profit is axpected in the current financial year.

The way out of these problems, Mr Reed believes, is through product thre - vintage taxis and limousines. Wall over half the current order book of about 40 vehicles is for limousines with more than half of these destined for Japan - an order worth more than £800,000 to the company.

These vehicles, which bave folding rearroof, and burr walnut and leather upholstery interiore, are being targeted at small indapendent luxury hotels for use in ferrying guests to and from airports and other destinations, and at the litre sector where they are expected to find n market as wedding cars.

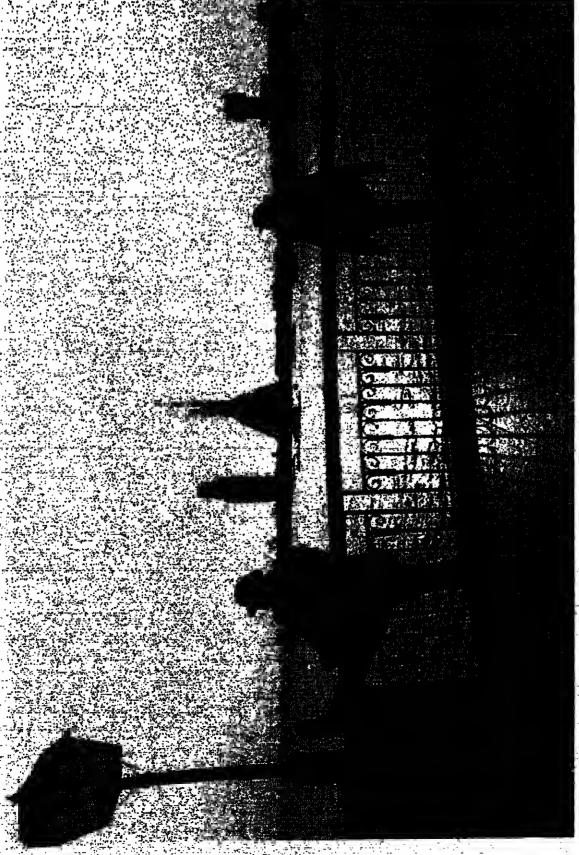
A small number of taxis are now on the strests of London and have been marketed to drivers who want to add a weekend hire service for weddings or special events to their normel day-to-day trade. The recent assing of restrictions on where weddings may take place in the UK, opening up the poseibility of using historic houses and other unusual locations, is expected to holp.

Though it is hoped output will increase

Though it is hoped output will lucrense this year as o result of the introduction of new products, the business remains undercepitalised for a more serious assault on the market and in particular export markets, and because of its current weaknesses has had difficulty persuading the banks to inject new finance.

"They will be there with the umbrella when it stops raining." Mr Reed rather tartly observes.

As a result, a search is now on for partners who might be willing individually or in a group to inject funds in return for an equity stake of just under 50 per cent. With new funds the objective would be to raise production to two a week, a level at which good profits could be made.





at World Bank guarantees, the benefits and EXPORT FINANCE: FT Exporter looks disadvantages of countertrade, payment transfers and credit ratings

World Bank guarantees

Mobilising the institutions

prudently invest in

slso providing a \$400m direct loan.

This is the bank's latest attempt to support business development without actuelly issuing loans to private companies. Although the bank is bound by its articles to lend only to government institutions, it has long recognised that prosperity requires the development of the private sector.

The hank's use of a guaractes programme is seen as vital to its attempt to shift resources to the private sector. The Bretton Woods Commission, chaired by Bretton Gominance towards private sector. The Bank Group, none is greater than edapting to a world that has turned from public sector dominance towards private enterprise and free markets.

Its private sector arm, the international Finance Corporetion, provides both debt and equity for private sector projects. Its Multilateral investment Guarantse Agency provides insurance against sovereign risks for equity and equity-linked loans.

But with its wealth and long development experience, the World Bank has a vital role reassuring commercial banks that they can prudently invest in developing countries. Commercial lenders also have much to gain from participation in bank-appraised projects in important and proving markets.

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vital role ...

r that they can prus.

ing countries. Comms...

be have much to gain from parts...

to growing markets.

to growing markets.

to Infraetructure projecte invertebly The new guarantee was in support of \$1.50m in syndicated commarcial loans for the \$1.60m power development project in Zhejiang Province. With its backing, the World Bank played a catalytic role in both mobilising private capital and helping to insure a wider distribution of risks. It is

bank helps reassure commercial banks they can Nancy Dunne on how the developing countries

crippled by tight hudgets, it has fallen to the international finance institutions to invent new schemes to spur private sector investment in developing s country projecte.

More than \$200m a year is required to build the infrastructure needed to support the economies of developing countries, according to the 1984 World Development Report. China alona will require about \$10-200m a year to keep up with the demand for new power-generating capacity.

The World Bank has been experimenting for some tima with partial guarantees for borrowings in the credit or capital mark to obtain longer maturities. Lest month it awarded its first guarantes - for p a Chinese power project - under an expendent and guarantee for programme amounced last applicant.

With its expanded guarantee programme, the World Bank is taking on the risk that governments might undercut these projects by changing the rules later

Defore doing so, therefore, it demands a couotsr-guarantee from borrowere government to the projects.

Earlier, the bank's partial guarantees were a key to obtaining helter landing conditions for developing countries. China's sovereign debt carries an above-investment-grade rating (BBB+/AS), but stripped of a World Bank guarantes – the bank is 5-6-year loans.

Infrastructure projects require longerierm financing to proyide a rsveoue stream for debt service. With the guaranters, lowerer, 15-year private financing was schlevable.

Last year China received its first guarantes, year govered its debt service. With the guaranters, but the man grade from the World Bank for the Yangshou thermal power project. It covered guite from the commercial lenders.

The Zhejiang project was also granted a guarante costs from the commercial lenders.

The Zhejiang project was also granted a partial credit guarantes, which was structured to extend the meturity of commercial loans sod to provide China with greeter flashbilly in obtaining private capital represe and interest rates which best fit it allowed complex needs.

project needs.

In 1990 the bank approved a Eurodollar transaction with a partial guarantee for \$200m in fixed rate Eurobonds. The proceeds of the 10 year issues were to support three projects in Hungary for Industrial reconstruction, and transportstion. It also granted a loan of \$545m.

Last year the World Bank helped the National Power Corporation of the Philippines improve its lending conditions. Previous bond sales had included a 7-year

Involve governments or publicly-owned entities as regulators, suppliers of inputs or purchasers of power. Government undertakings often represent the foundation for decisions by equity and debt inves-

for NPC in November or issus for Philippines

Imports have soared to record levels in New Zsaland over the past year, although they are increasingly belog sourced from Asia, rather than the traditional country in the increased imports have followed scoonic reforms of the past decade under which New Zealand has largely removed import protection and lowered tariffs. This programme will see most barriers removed by the year 2000.

However, Daniel Silver, executive director of the New Zealand importers finctute says that European exporters seem to be slow in taking advantage of the new fireadoms, and that their share of trade is element.

Telephone.
With World Bank backing – in the form of a put option which guarantesd tha repsyment of the principal et maturity – NPC was abls to float a \$100m Eurobond 15-year issue. The proceeds, along with a \$227m direct loan, are being used to co-finance the Leyte-Luzon geothermal power project.

In one of its more complex deals, the bonk assisted the development of Pakistan's \$1.9bn Hub power project, the courtry's first private sector build-own-operate power utility. Located about 25 milss north-west of Karachi, the plant is being built by a consortium lad by Mitsui of

The financing structure - 25 per ceut equity and 75 per cent debt - includes about \$680m in syndicated commsrcial bank loans. About \$220m will be insured by export credit agencies. The remaining \$380m will be guaranteed by the World Bank and the Export-Import Bank of Japan. Revenues are secured through a long-term sales contract with the ostional

"Not so long ago British computer com-unies were a key part of our merket," he

antes against specific political risks on principal payments of \$240m. The guarantse will be triggered if the Pakistani government defaults on one of its obligations, leading to a default in the payment of debt sarvice to the commercial banks. The guarantse covers the performance of the fuel oil suppliers – a government owned entity – and certain force majeure

Says.

Mr Silver says he sees pisoty of opportunities for Europe to supply machinery and related equipment that will fised New Zeeland's rapidly developing manufacturing base. Transport provides openings for exporters of buses and aviation and other specialist equipment.

New Zealand has also looked to Europe for chemicals, medical equipment, and for huxury cars and other vehicles. However, high cost structures in Europe have meant that there has been a saving away from buying, for example, textiles from Portugal and Greece, since these are no longer competitively priced on the New Zealand markst.

evects.

For the Hub project, the World Bank also co-financing a \$250m direct loan, wi Jaximbank providing \$110m and Frantilla. Other paralls! financing is expect

Ecoomic growth, which is running st more than 6 per cent of gross domestic product, has fuelled the demand for imports. Imports were NZ\$1,575m in February, up 15 per cent on last year. In the three months to February imports were up 14 per cent to NZ\$4,660m, and rose by 13.6 per cent to a record NZ\$20,376m in the 12 mooths to February.

Anser.

The bank has added a new twist to its Thefiang gusrentes – a relsses option which gives commercial leoders the opportunity to cancel the guarantes after five years in exchange for an edditional loan

Guarantees are available to any o bank's borrowere. They may be offer a stand-alone basis or in conjunction a World Bank loan.

mooths to February.

The surge in imports – which led to a series of deficits in the trade balance last year – does oot worry the government, howsver. Finance minister Bill Birch seid recently that it was expected that the

FT EXPORTER 10 . 🦻

FINANCIAL TIMES TUESDAY APRIL 18 1995

FT EXPORTER 1

Bad economic news down under is presenting foreign

Australia's growing and expanding that it is the bear familiary with a window of opportunity, writies Nikki Taff the temporary selligrowing at an apparance of opportunity, writies Nikki Taff the temporary selligrowing at an expanding that he hastrain and expanding that he hastrain common powers of or poportunity.

Europportunity a large window of opportunity, writies Nikki Taff the Australia and expanding that he hastrain common powers of or poportunity and expanding that he hastrain common powers of or sealed of or sealed that the compression at this first that he part of the fact, hadres for the leaves the state of a sealed or sealed that the complete that the complete



CONTACTS TRADE CC.

Undiecovered: new trade openings have no been taken up by European exporters

slipping.

"New Zealand trade has opened up enormously — hut it seems many European compacies haven't wokec up to the change. We are only a small market of 3.5m people, but by world standards we are an advanced consumer society with opending power in line with countries with many times our population."

According to Mr Silver, Asian countries bave selzed the opportunities available in New Zealand, as has the US - especially in the computer field, where it is now dominant.

right business contacts. the Hong Kong With trads balance could worsen later this year because of the rising quantities of imports. However, a large proportion of the imports were capital goods, he said, which were needed to fuel the couctry's aconomic recovery.

Australia remains the country's majo supplier of imports, with the Closer Economic Relations (CER) pact which pledged to creeks a traos-Tasman free-trede zone for manufactured goods, easing the flow of goods between the two countries.

Australia sold NZ\$4.445m worth of imports to New Zealand in the year to February 1985, up by NZ\$62m. Other big rises were from the US (up by NZ\$62m), the UK (up by NZ\$22m), dapan (up by NZ\$214m), Germany (up by NZ\$26m), dapan (up by NZ\$214m), Germany (up by NZ\$63m). Chine, Singapore, Papua Nsw Guines, South Kores, and Tatwan also increased exports to New Zealand substantially.

"Many European companies haven't woken up to the changes here. They might have come and looked at prospects here a decade ago, when import substitution was the thing, and they may have been asked to set up a joint vsoture to manufacture that goods here.

"I think they need a wake up call... the market here is wide open."

Mr Silver says that the improving quality of products from developing countries such as Tatwan and Korea are leading buyers in New Zealand increesingly to source machinary from these countries, rather than from producers in Germany or Japsn, where the cost structures are higher.

Hong Kong

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Tel: 44-(0171)-828-1661 Fax: 44-(0171)-828-9976 Toll Free No: 0800-282980

eading out C foreign

Exports markets: Australia

Deficit gives others cause

to cheer

mines and public entities of their telecommunications networks - plus the extent to which mobile phones have been integrated into Australian business life.

Telecom, the large government-owned is lecommunications company, recently estimated that Australia would soon have the highest per capits use of collular phooee in the world.

If last, year's trade statistics are any guide, the biggest export winners from Australia's current: appetite for telecoms equipment lie in Japan, the US, Sweden, the UK and Korea.

ther import categories to show perfect mechines and transport equipment, ranging from trucks to passenger cars and car parts. The former notched up e 17 percent increase during the 19834 financial year, and importan in this sector have been growing strongly for at isast five years. Inevitally, US manufacturers have been the dominant suppliers, although their importance appeared to decline last year. Jepan and Taiwan are the other major source countries.

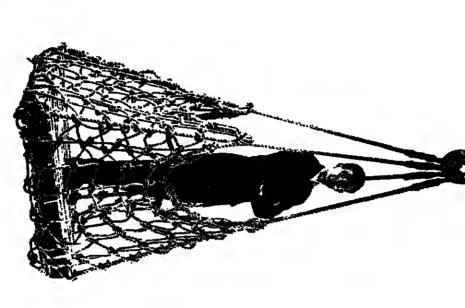
Tha vehicle market, meanwhile, is still dominated by imports from Japan. However, as trade barriers are lowered, a number of new players are making an entry ber of new players are making an entry witness Chryslar's decision in 1993 to start and debate rumhles on over the rate at which tariff protection should be diminished. Even so, the development of new design features means that imports of car parts grow: in 1993/4, for example, airbags, if not manufactured in Australia, added to the country's import bill.

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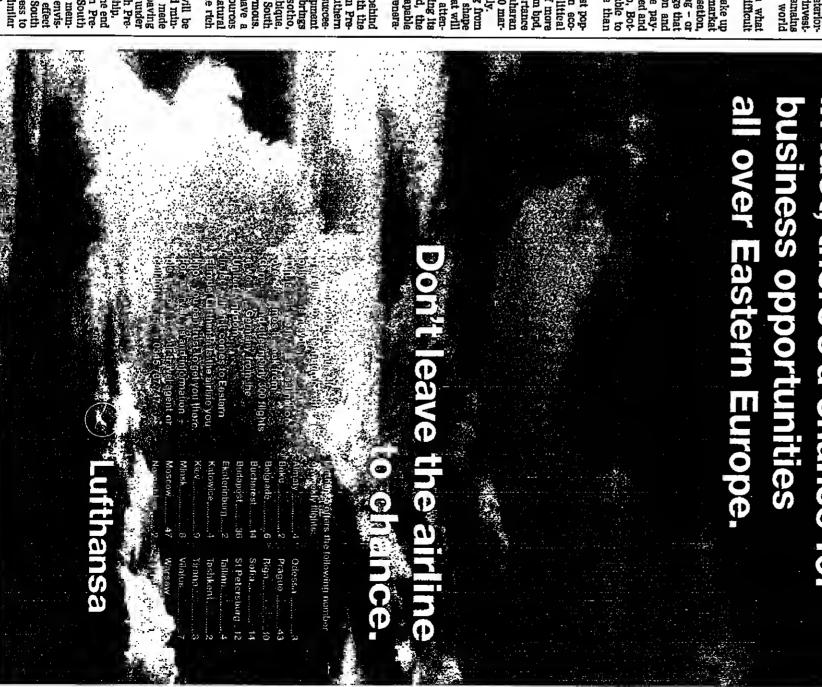
FT EXPORTER 17

Sub-Saharan Africa 90 Growth is 0 od news r Europe



Tho good news for European exporters to sub-Snharan Africa is that prospects for growth in tha region are better than they have

You've a meeting in Katowice, convention in Tash ver Eastern Europe. kent



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Growth is

APRIL 18 1995 FINANCIAL TIMES TUESDAY



Enjoying a basi in Stockholm; Budvar's main markets are in western Europe, especially Eastern Europe: Budvar of the Czech Republic

in the Czech crown ewe

Continued export demand and a surge in sales at home has driven the brewery to expand and modernise its operations, says Vincent Boland

modernising and expanding the hrewing operations at its base in the south Bohemian town of Ceské Budğiovice. In that tima, says general director Jiří Boček, production has risen from 490,000 hactolitre in 1991 to 755,000 hi in 1994, and from the end of April this year brewing capacity will be increased to im hi yearly.

The expansion hes been driven hy continued export demand and a surge in saies at home. Mr Boček says that in addition to maintaining its commitment to being an export-driven hrewery, it is increasing its emphasis on meeting demand in the Czech in productions. Drewerles in the Czech Brewerles in the Czech Republic parhaps the best known, certainly to best known, certainly to best known, certainly to best drinkers overseas, is Budèjovický Budvar, war's most famous hrand, Budwelser and markets are in western Europe, ally Germany, France, Italy, Austria, n and the UK. With more than half all production going for axport it is the most successful Czech compaliting overseas, halped by ita famous and the image of Czech beer shroad experience.

"Our main problem is that demand always outstrips aupply," he eays. This was the main reason why production was expanded and modernised.

ame and the image of czech beer anroad a premium product. Budvar has spent Kc540m since 1991

Eastern Europe: Richter Gedon of Hungary

As a reflection of rising local demend have fallen from 73 per cent in 1988 to 60 ber cent fast year (10 years ago Budvar axported half its production). Of the 755,000 hi of production last year Budvar exported 428,000 hi with 200,000 hi going it of Germany, 60,000 hi to the UK and 48,000 hi to Germany, 60,000 hi to the UK and 48,000 hi to Germany, 60,000 hi to the UK and 48,000 hi to Germany, 60,000 hi to the UK and 48,000 hi to Germany, 60,000 hi to the UK and 48,000 hi to Germany, 60,000 hi to the UK and 48,000 hi to Germany, 60,000 hi to the UK and 18 and 18

watsar. The decadas-old legal hattla batweed the two over rights to the Budwelser brand name not only prevents the velser brand name not only prevents the Czech hrewer from pushlog loto North Americe, for example, where Anhenser-Busch Butwelser brand holds sway, hut has also held up Budwar's privatisation.

The Czech government has made of decision on when or how, or even if, it will privatise Budwar while priority is heing given to sattling the trademark dispute. Given Budwar's atatus as one of the Czech Republic's crown jewels and the intense local pride in its brewing tradition, howaver, there is oo rush to do so. After 90 years of on-off talks and court battles, Mr Bocks says, "!! is possible to reach an agreement hut difficult to say when."

The company's main objectives, Mr Bocks says, are to ensure that it continues to meet demand in its main export markets, and to push sales of Budweiser Budwer's into southern Europe.

Region Eastern Europe: Overview

Ø as

Anthony Robinson finds export-led growth in the former Soviet empire is providing cash to finance imports

he rising tide of world trade last year provided a great opportunity if for cantral Europe to show how five sers of painful economic reforms have need the way for export-led economic

sales

export

Gradually rebuilding

Virginia Marsh looks at how the country's largest pharmaceuticals company coped after the collapse of Comecon - and with it, its main markets

and Estoria – was still soms way behind the 15 per cent average riss in export vol-umes shown by the "Asian Tigers" last

Risiog investment and higher real incomes should ensure that tha region will become an iocressingly attractive one for exporters from the EU and Asia over the rest of the dacade – provided that finance is available to find what are expected to be rising trade deficits.

It will be impossible to sustain rapid ecoomic development in this capital starved region unless companies are able to import the equipment inseded to modernies mines and factories and build the croad, rail, telecommunications and other necessary infrastructures. Iocreased volumes of exports will not be sufficient on uness of exports will not be sufficient on

pantis in Polsan, Huligary, Ukraine, Rusala and elsewhere.

Taking the former Soviet-controlled world as a whole, however, tha trade ploture remains patchy. Central Europe is out of the woods; tha Baltle states, led by Estonia, are exporting their their way to Estonia, are exporting their their world. Romania and Bulgaria are starting to benefit with a time lag compared to ceotrol Europe, from half-heartad economic reforms and the reopening of the Black Sea to trada and commore. Romania has the attraction of an undeveloped internal market of 22m people while Bulgaria is expected to henefit from its atratagic position as a Hink hetween Europe and oil-rich cantral Asia and the Middle East.

But most of the former Soviet stotes, including the two glants Russia and Ukraine, remain bogged down in the painful dastructive phass of tha transition from a centrally planned to a market economy. Evan here, however, the statistics of continuing declina in the siza of gross domestic product and the volume of foreign trada mask encouraging chifts in the composition of wealth formation at home and in international trade patterns.

Instead of sophisticated machine tools designed to build rockets and munitions the former Soviet states are now importing consumer goods – from Snickars bars to Rolls-Royce cars – and a wide range of semi-nanufactured goods and components designed to improve the quality of their own unporting.

FT EXPORTER



made a dramatic switch to western markets **EASTERN EUROPE:** Since the collapse of Comecon, post-communist Europe has both as a supplier and a customer

emerg supplier

The first annual aurway from the newlyformed World Trade Organisation published aarlier this month revealed that the newly-privatised, as well as many of the restructured but still state-owned enterprises of central Europe, increased their export volumes by 11.5 per cent last year. In dollar terms, according to the UN Economic Commission for Europe, exports of goods and services from the post-Soviet world increased by 18 per cent, double the growth of imports.

This left the region with a raduced current account deflict of only \$3.4m compared to \$8.3m in 1993 with higher than expected growth, the ECE added.

Global trada is expected to grow between 8 and 9 per cent again in 1995 so the coming months should culminate in another year of record trada and economic growth for a region which is emerging as a supplier of competitive goods for export and a growing market for imports.

The export growth performance of the "fast track reform" central European states—led by Pokard, Hungary, the Czech Republic, Slovakia hut including Slovenia

Nevertheless, the iberalisation of essient markets and competition for market ahare from western pharmaceutical companies means Richtar has had to apend much more on marketing, packaging and advartising its products than in the communist era. In Russia, for example, it has launched an advartising campaign on felevision and radio and in the Moscow Metro which costs it the equivalent of 2-3 per cent of its sales revenue in the country.

Analysts also predict good prospects for Richter in western markets where it has heen successful with some products. The company's improving financial position and revenues from privatisation have company. One of its alms is to development plans. One of its alms is to development plans. One of its alms is to development obtain licenses for more of its products end obtain licenses for more of its products for sale on the huge US market. The company's export prospects for this year cent this year.

thoose private placement and public offer. private the company's short-term data and it was also granted a five-year holiday on profit tax hy the government.

Dr. Beda says Richar's strategy in the former Soviet Union has been to hulld up with the former Soviet Union has been to hulld up a direct sales through a wide network of consignatory stocks and agents, rather than just selling through tenders.

"We have 20-50 stocks scattered over as wide an area as possible and around 60 capents working for us in the CIS," ha says. a selest are made in hard currency and agents are motiveted hy commission payments and have been on the Russian march and ender the multinationals." To addition, ha says, the state is still a big burchaser of pharmaceuticals. "The same beople are huying pharmaceuticals from it is stor hospitals with state thands."

But despite the difficulties, Richter Gadreon has recovered steadily from the 1991-2 is slump, mainly by rebuilding sales in eastern Europe and, in particular, in Russia where it believes it is one of the top three pharmaceutical importers.

According to preliminary figures for 1994, sales to the CIS totalied \$7.5m or 43 per cent of total exports, up from \$26.1m in 1991. A further \$26.5m of exports came from sales to other central and eastern from sales to other central and eastern European countries. The company, which manufactures both finished products and raw matarials for pharmaceuticies, sexported two thirds of its production. Net profit was Ff4.07bo (\$36.7m) on turnover of Ft17.96bn turnover in 1983.

The company's financial position has also improved due to its partial privatisation and flotation on the Buidapset Stock Exchange last autumn. The state, advised by Schroders and Creditenstalt, sold off 38 per cent of the company via an interna-

try's leading exporters. In 1990, its man axport markets, the Soviet Union and east arn Europa, collapsad in a mattar of months. The company, which was pushed into deht and forced to lay off a quarter of its staff, has been hattling to regain those

year.

But it was light years away from their traditional sluggish performance as reluctrational sluggish performance as reluctration of international treds - the Soviet Empire.

The sharp rise in exports, principally to Germany and other reviving markets in the European Union, earned the hard currency needed to finance higher imports of consumer and intermediate goods - and the capital squipment oeeded to sustain structural reform and enterprise moderni-

Significantly Hungary, which received more than \$70n in foreign direct investment over the past five years and has the largeat per capits debt in the region, is running the region's beaviest trade deficit— \$8.65n on total commodity trade of nearly \$25n last year.

In an effort to boost exports and cut the deficit the government davalued the Forint by 9 per ceot earlier this month. But imports of capital goods and the components needed to feed export-orlantated assembly plants are expected to remain high while farm exports remain depressed by competition from subsidised EU and US producers, a common complaint through out the region.

Indications are that growing trade deficits will become a feature of the region's trading pattern, despite rising exports. Indications are that growing trade deficits will become a feature of the region's trading pattern, despite rising exports. Indications are that growing trade deficits will become a feature of the region's trading pattern, despite rising exports and classwhere, apart from Hungary, increased by columes of imports should ha financeable through better access to western bank and export credit facilities as well as rising foreign direct investment.

Central European exporters still complain of difficult eccess to trade finance, but the steady progress of consestic banks and export theurance agancies is belping to improve prospects.

A growing volume of financial assistance for import-consuming investment in the projects is also available from the internation of the projects is also available from the indiversion in lowestment Baok (EBRD), tha European Bank for Reconstruction and Devalopment (EBRD), than European Bank.

TUESDAY APRIL 18 1995

FINANCIAL TIMES

peaceful evolution ymbol 으

Plans for a new ship reyeal the complexities of the spoot-Soviet trading world,



er slup provides an lexitios of the post-

ern Europe: Germany and the former Soviet bloc

r eastern well for a range goods

stment figures show that old ties are being revived and ince is once again being placed on Germany as a ling partner, says Judy Dempsey

The Moscow Narodny Bank has done more to facilitate

The Czech republic is in second place. The Czech republic is in second place. Blinteral trads totalled DM14bu, a rise of 9.3 per cent, with German exports amounting to DM7,5bn. Trade with Hungary totalled DM9.6bn. Hungary imported DM5.2bn worth of German goods over the some period. Trade with Romania, Bulgaria, and Albania amounted to DM5bn, with Germany remaining Bulgaria's most important western partner. The same is true of Slovenia, with bilateral trade with Germany tipping DM5.5bn.

These figures show first, that in spite of the high cost of German reunification the old trading links can survive. Second, they reveal that Germany any novides an anoracant over the same period, ports totalled DM8.6bn, an

Covering everything from finance, asset trading and counter trade to treasury trading and foreign exchange. office in 1919, MNB has been giving Britain the most trade between the UK ond the Former Soviet Union than Russian business community and how it works. comprehensive and in-depth financial advice on the most other banks, Sn if ynu have Russian business in mind you'll be Ever since we first opened the doors of our London And we've been doing it for over 75 years.



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NANCIAL TIMES TUESDAY APRIL 18 1995
FT EXPORTER 15

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MARKETS



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GLOBAL INVESTOR

If the world were a saner place, last Friday'e package of measures to stimulate the Japanese economy and restrain the appreciation of the yen would spark off a spate of stabilising speculation. It will not, of course, take place, as the initially pessimistic reaction in the currency markets rightly

implied. Page 25



MARTIN WOLF: ECONOMIC EYE

Observers might assume that the economic difficulties of a small country perched on the northern fringe of Europe is a matter of small importance. They would be quite wrong. Sweden's difficulties are, in their way, quite as significant as the terminal crisis of the Soviet Union.

Ghana is set to become the second sub-Saharan African country to have an International bond market. South Africa is currently the only sub-Saharan African country with such a market. Page 26

EMERGING MARKETS:

A month-long recovery in Mexican stocks was broken before Easter by a spate of profit-taking and renewed concern over the effectiveness of the government'a economic emergency programme. Page 27

The dollar looks set for further adversity this week following its failure to respond positively to the cut in Japanese Interest rates and the weekend meeting of the Asia-Pacific Economic Co-operation conference, Page 27

Gehe, the German pharmaceutical group, will today renew its assault on AAH by criticising the UK drugs wholeseler's recent trading performance and urging shareholders to accept its £400m hostile

keover bid. Page 22

INTERNATIONAL COMPANIES: Sega Enterprises, the Japanese video game maker, has been forced to revise down profit forecasts for its recently completed business year because of the surge of the yen and further sluggishness in the European market. Page 24

STATISTICS

FT-A World indices ____ 22 FT Guide to currencies __ 27

... 31 London recent issues Company meetings 13 London share service... 36,37 Dividend payments 13 Managed funds 34,35

22 National Express

Companies in this issue

24 NationsBank 22 Nedllovd 24 Phoenix Inns **BK Vision** Blenheim Group 22 Saatchi 21 Simon Engineering 24 Time Warner

Geha

Chief price changes yesterday 1%

24 UBS

22 United Newspapers

Tuesday April 18 1995

Speculation that NationsBank is considering a bid sends shares up 3% despite a 29% drop in first quarter profit nat the bank's first outward

which has come under pressure from its biggest shareholder to take action to lift returns to investors, indicated yesterday that it would speed up costcutting initiatives.

bank announced a 29 per cent fall results reflected a \$92m loss on trading and underwriting securi-

t the heart of the British

A civil service, a quiet upheaval has taken place.

Over the past 18 months, the

Inland Revenue's 2,500-strong

computer staff - the nerve centre

of the UK tax system - have

ceased to be public servants. Instead, they work for a company

based in Plano, Texas, founded

by the eccentric populist Mr Ross

Perot and now owned by General

For most companies, an influx

of workers from such an alien

culture would be a challenge.

Electronic Data Services (EDS)

treats it almost with noncha-

lance. This is a company special-

ity, it says: of its 85,000 employ-

ees worldwide, almost half have

been absorbed in just this man-

ner, most of them in the last few

EDS will collect \$1.5bn for run-

ning the Inland Revenue's com-

puters over the next decade.

While this is a tidy sum, it needs

to be put in context. It is half the

size of a similar contract EDS

signed last year with the US mul-

tinational Xerox. In all, the com-

pany's orders in hand - consist-

and including work for General

Despite such a volume of busi-

ness locked in until the 2005, EDS

is anxiously about where it goes

from here. The basic provision of

computer services to corpora-

tions and governments - part of

the trend known as outsourcing .

is becoming old hat. Competitors

are popping up everywhere, from

management consultants to the

computer maker International

Business Machines and the tele-

communications company AT&T.

ket value of over \$19bn (EDS is a

quoted subsidiary of GM), EDS is

plainly still the dominant player

in its industry. But how can it

stay ahead of the game? Talk to

its executives, and a few central

The information revolution

means the output of raw informa-

tion is growing much faster than

the capacity of corporations to absorb it. The ambitious aim of EDS is to specialise in converting

Manufacturers are under

increasing pressure to deal with

their customers direct. In part,

this is because relations with the

big retailers have degenerated

into a war zone, which manufac-

Consumers in developed mar-

kets increasingly demand

products tailored to their individ-

ual tastes. By using distilled data, EDS claims it can put pro-

ducers and consumers in direct

turer are anxious to avoid.

this data into knowledge.

With sales of \$8bn and a mar-

Motors - is more than \$60hm.

typically of 10-year contract

response to pressure from Heine Securities, a mutual fund group which earlier this month dis-

Chase's shares climbed 3 per cent yesterday morning, to \$43%, been widely talked about as a early retirement plan.

potential bidder during the last

down the possibility of an early bid, given that Chase has indicated it has no interest in a deal. Cost-cutting already undertaken by Chase helped limit the profits fall in the latest quarter. Its expenses for the period were only \$20m higher than a year before, at nearly \$1.1bn, and

The bank's earnings were hit by securities trading losses. which contributed to a \$130m reduction in total trading-related revenues, to \$94m, and by a fall in its net interest margin. This was due to greater competition for credit card and other lending.

and by a lower tax charge. Chase's after-tax profits fell to

\$364m, or \$1.80 a share.

 NationsBank reported a 6 per cent rise in the first-quarter earnings helped by loan growth and higher fee income. Loans were 15

\$417m, or \$1.51 a share, the year

pared with 16.82 per cent.

than £900m (\$1.4bn) with Fisons, the heavily-restructured pharmaceutical group. The two companies, which have been discussing joint ven-ture opportunities since Febru-

Medeva, one of Britain's

fastest-growing drugs compa-

nies, yesterday said it was con-

sidering a merger worth more

and international operations. "Talks bave taken place with Fisons regarding the possibility of a merger which could be

If merger terms were agreed, the enlarged group could bave a market value of more than

ously core businesses.

Speculation about a bid pushed closed down 6p et 178p.

Chase pressed to cut costs faster

Chase Manhattan, the US bank

Mr Thomas Labrecque, chairman, promised expenses would

EDS is getting to

touch with each other.

Perhaps most pressing, EDS

needs to find the right allies in the converging world of multime-

dia. Two years ago it had abor-

tive talks with British Telecom-

munications. Last year it came

close to outright merger with

Sprint, the US long-distance tele-

phone company. The tone is now more cautious. "We hope to build

situational alliances," an execu-tive says, "and not have any

The argument about the con-

version of data to knowledge is developed by Mr Hartmut Bur-ger, who heads EDS's services to

manufacturing industry. Take,

for instance, process industries

like steel or paper making. At

'Information

discovery,' says

one executive, 'is

the competitive

weapon of the

century'

every stage in the process, they

measure and store data. But they

only use it if something goes

wrong. "They're data rich and

information poor," Mr Burger

says. The trick is to use advanced

computing techniques to recreate

the process, then simulate changes to find ways of improv-

ing quality, cutting energy or

"Information discovery," says another executive, "is the com-petitive weapon of the century."

The information held by corpora-

tions is in "vertical silos" - in

the finance department or in

marketing, in France or Ger-many. Traditional computers are

not powerful enough to bring it

together and make sense of it.

This is particularly relevant.

the company claims, in consumer

markets. "There is a brick wall

between the manufacturer and the customer", Mr Burger says.

"All that is known consists of

statistical measures. Information

technology can let the manufac-

turer get to know the customer

slightly murky, dealing as it does

with the uncertain future of mul-

timedia. It also becomes, some

The argument here becomes

EDS can do both.

directly.

the bank said.

per cent higher than a year before, at \$106bn. Despite some fall in the bank's lending margins, this was enough to push after tax profits ahead to \$443m, or \$1.58 a share, from

Chase's return on equity in the quarter slipped to 13.4 per cent, from 20.2 per cent a year before. NationsBank reported a return on equity of 16.03 per cent, com-

ary, want to pool their domestic Tony Jackson meets the chairman of a data company who is worrying about size

effected by means of a recom-mended offer for Medeva," the

approached Medeva after embarking on a radical overhaul involving the disposal of previ-Last month, it sold its research and development arm to Astra,

the Swedish group, for £202m and its scientific instruments to Thermo Instruments Systems of the US for the same price. The move followed the arrival last September of Mr Stuart Wallis. the chief executive appointed from Bowater the paper and packaging company, to revive the group.

Having raised £500m from disosals and cost-cutting, he said Fisons was keen to develop through acquisitions, joint ven-tures or "partial mergers".

Medeva's share price up 14%p to 226%p last week. Fisons shares

Medeva, which is 40 per cent-owned by US Investors, is thought to have said it not contemplate a merger at less than £3 a share. Such a bid would value the company at £928m. If Fisons decided to pursue the

merger, it would complete a remarkable rebound for Medeva. which saw its share price fall to 95%p in mid-1993 after it issued profits warning and temporar ily closed one of its US plants.

Since then, it has expanded rapidly by acquiring and licensing drugs developed by groups such as Wellcome and Merck. That low-risk strategy paid off last year with a 39 per cent increase in pre-tax profits to

reported pre-tax losses of £468.7m. after making a £500m exceptional charge.

be reduced "materially" as the in first-quarter earnings com-pared with a year ago. The latest ties, due mainly to losses in emerging markets.
Mr Labrecque's comments sig-

closed a 6.1 per cent holding in

on heightened speculation that NationsBank might be considering a bid. The North Carolinabased bank, which also reported results yesterday, has expressed an interest in Chase, and it has

Most industry analysis played

would have fallen hy 4 per cent had it not been for the cost of an

with our credit cards, what we

subscribe to, what we call up on

cable television.

The result, as envisaged by

EDS, goes a long way beyond

junk mail, or even junk phone

calls. Suppose, an EDS executive

says, you bought a General

Motors car three years ago. In

the age of multimedia, what

could be more natural than a per-

sonal message from GM on your

TV set, suggesting that you

The ability to do this, of

course, requires close involve-ment in the world of communica-tions. "Telecoms," says an EDS

executive, "are incredibly impor-

tant to everything we do, and

incredibly fast-changing. Our

skills in telecoms have to

improve." However, he says, "we

can do that through acquisition,

alliances or flat-out hard work."

ny's dependence on telecoms, he says, "we're not particularly

says, "we're not particularly looking for a merger". Since the

discussions with BT and Sprint,

it seems, the world has moved

on. At first, the company worrled

about its exposure to rising costs

in communications: although

prices were falling, volume was

This ambivalence is borne out by EDS's chairman, Mr Les Alberthal Whatever the compa-

update to their latest model?

as well as higher interest rates,

These factors were partially offset by a lower provision for loan losses, which was down by \$95m,

know all about you -

rising faster again. In addition, the worldwide trend towards telecoms privatisation prompted questions about the quality of communications in a period of transition.

Now, EDS executives suggest, the explosion of capacity in communications, through broadband, cellular and other networks. means that a powerful buyer of worldwide phone time like EDS has less to worry about.

Also, as Mr Alberthal observes. it is increasingly clear that no single communications company - not even AT&T - is going to cover the globe in the foresecable future. "We're still out there talking to everybody," be says. "The fact that we had significant discussions with two or three and they didn't pan ont suggests there may not be scope for a big-ger relationship."

Meanwhile, he worries about

who is making which moves in the communications industry. "What does the privatisation pro-cess mean in terms of opportunities? Will AT&T's plans [for a global networkl pan out? Or Sprint's deal [with France Tele-com and Deutsche Telecom]?"

He has another big headache might think, slightly sinister. It is possible to compile a digital how EDS will cope with growing warehouse of marketing informa-tion on individuals, by amassing larger. "That's definitely an issue I worry about, Anyone employing all the information we record about ourselves: what we buy who doesn't worry about size

doesn't understand the business.
We don't have the answer, except transition," Mr Alberthal says. that to the degree we have a better working environment and billion company with 20,000

attract higher quality people, we will deliver higher quality ser-Academic work suggests, he

says, that when a company has about 10,000 people and \$1bn sales, it has to hreak through a wall from being an entrepreneurial company to being a big one, EDS reached that point in the early 1980s. Then it was acquired by General Motors, almost dou-bling in size in the process. That

"Overnight we were a multiemployees, so we had to deal with it or fail.

Most companies in professional services, he observes, are small partnerships. "We've been running against that grain for 30 years. Is there a magic point where you can't handle it? I don't know. It's a real issue. I rank it as just as important as what happens to the technology of our industry in the next 10 or 15 years.

This announcement appears as a maner of record only.



US\$ 115,000,000

PROJECT FINANCE FACILITY

Lead Managers ING BANK MAGYAR KÜLKERESKEDELMI BANK RT. NORDIC INVESTMENT BANK UNTBANK A/S

CANADIAN IMPERIAL BANK OF COMMERCE CHRISTIANIA BANK OG KREDITKASSE DE NATIONALE INVESTERINGS BANK N.V. FINNFUND GIROBANK KREDIETBANK N.V. MAGYAR BEFEKTETÉSI ÉS FEJLESZTÉSI BANK RT. SWEDFUND UNION BANK OF FINLAND LTD.

Participants

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Financial Advisors to the Borrower OSLO FINANS AS PLESNER & LUNOE TELEDANMARK INTERNATIONAL

ING BANK

April 1995

This week: Company news

Jefferson Smurfit set to package bumper bundle

Jefferson Smurfit, the Irish paper and packaging group, is expected tomorrow to report full-year pre-tax profits in excess of £100m (\$162m) with many analysts expecting around the I£110-I£115m. The upturn from last year's 1247.8m is due mainly to the upswing in the paper industry. although the real boost to revenues is expected in 1995 figures when analysts are predicting a near-tripling. of profits to around £330m.

Philip Morris: The US tobacco. and foods group is expected to shrug off weak demand for cigarettes in its domestic market and report a big increase in first quarter profits today. Strong export volumes and an increase in market share for Mariboro and its other premium cigarette brands are forecast to have pushed

. 22

22



up earnings per share by 18 per cent

■ Coca-Cols: This is another US consumer products group which is expected to show strong profits growth. The company is thought to have passed on an increase in the cost of aluminium cans by raising prices, and with demand buoyant at home and overseas, analysts are predicting that earnings per share

could have risen by as much as 20 come out tomorrow.

■ AT&T: Tomorrow also brings first quarter figures from tha US long-distance telephone group. The long-distance companies are in a marketing war, which AT&T is thought to be winning. Forecasts are around \$0.77 per share, compared to last year's \$0.69. Rival long-distance company Sprint should report on today and MCI tomorrow.

■ Albert Fisher. The UK-based food

processor and distributor is expected on Thursday to report Interim pre-tax profits of £19m (\$30.4m) against £20.1m a year earlier before gains from disposals. Investors will be keen to hear about progress at Rahbek Group, the Denish seafood processor it bought a year ego. But for all its efforts to add value to its products and increase buying power through acquisitions, the group remains heavily influenced by fluctuating commodity prices beyond its control.

House of Fraser: The UK-based department store group owned previously by the Fayed brothers and floated last year, is expected on Thursday to announce pre-tax profits for the year to January little changed from last year at about £35m (\$56m) £34.5m last time. Analysts, who were forecasting profits in excess of £45m at the time of the float, have twice reduced forecasts after HoF produced an Interim loss and a disappointing January trading statement. With the shares at 157p, compared with the flotation price of 180p, Investors are looking for reassurance that the group's investment programme will deliver an improvement in trading.

Barrick Gold: Two of Canada's biggest companies are dua to report first quarter earnings this week. Barrick Gold is generally expected to show profit equal to 20 cents US a share, littla changed from a year earlier. While Imperial Oil, according to the consensus forecast, will report around 71 cents (Canadian) per share, up from 50 cents a year earlier. Target has 'failed to deliver value' with only modest earnings rises

Gehe to renew attack on AAH

By Peter Pearse and Tim Burt

Gehe, the German pharmaceutical group, will today renew its assault on AAH by criticising the UK drugs wholesaler's recent trading performance and urging shareholders to accept its £400m hostile takeover bid.

The company, which last week increased its offer from 420p to 445p per share, claims that AAH has "failed to deliver value" by generating only modest increases in earnings per share and maintaining flat div-

Publishing lts revised offer document today, it is also expected to question the suc-

Mill Hnuse Inns, headed by a former

director of Grand Metropolitan, is buying 12 freebold puhs which were previously

owned by Inntrepreneur Estates, the joint

venture between GrandMet and Fosters

subsidiary of Mnrgan Grenfell, the mer-

The pubs were sold by Phoenix Inns, a

By Simon London

Brewing Group, for £4.15m.

Golden Hope

ORDINARY RESOLUTION 1 -

the relevant authorities."

by the relevant authorities "

ORDINARY RESOLUTION

variations and/or amendments as may be imposed by the relevant authorities."

indiments as may be imposed by the relevant authorities."

revaluations, variations and/or amendments as may be imposed by the relevant authorities."

variations and/or amendments as may be imposed by the relevant authorities."

48 hours before the time appointed for holding the Meeting or at any adjournment thereof.

OROINARY RESOLUTION 6 -

By order of the Board

Secretary

NORLIN BINTI ABDUL SAMAD

(sict Any alteration in this form must be initialled.

ORDINARY RESOLUTION 2 -

alisation programme, pointing out that operating margins have remained almost unchanged over the past five

AAH is likely to repudiate most of Gebe's allegations later this week or early next.

While the UK drugs wholesaler is prohibited from issuing any new financial information under Takeover Panel rules, it is allowed to expand on issues It has already addressed. Of the points already aired,

two are likely to be elaborated. It might specify from where the £14m cost savings, which formed the main plank of the second defence document, will come and how they will he

Mill House £4m pub purchase

lier this year.

chant bank, which in January acquired

Mr Bob Williams, the chairman and

1,750 pubs from Inntrepreneur for £250m.

chief executive of Mill House, was manag-

ing director of GrandMet Estates, which

effectively runs Inntrepreneur, until ear-

Mr Chris Parratt, who was previously

Golden Hope Plantations Berhad

(Incorporated in Malaysia)

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at the MIDF Theatrette, Ground Floor, Bangunan

MIDF, 195A Jalan Tun Razak. 50400 Kuala Lumpur on Wednesday, 3 May 1995 at 11.30 am for the purpose of considering and, if thought fit, passing

"THAT, subject to the approvals of relevant authorities being obtained, approval be and is hereby given for the acquisitions by the Company from Negara

(a) 1,057,000 ordinary shares of RM1,00 each in Chermang Development (Malaya) Sdn Berhad ("CD"), representing 36,70% of the total Issued and

th: 403,425 stock umps of RM1.00 each in Mentakab Rubber Company (Malaya) Berhad ("MR"), representing 28,80% of the total issued and paid-up

AND THAT the Directors be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign and deliver on behalf of the

Company all such documents as may be necessary to give effect to and to complete the Sale and Purchase of Shares Agreement dated 6 February 1995

in respect of the above acquisitions with full powers to assent to any conditions, modifications, variations and/or amendments that may be imposed by

"THAT, contingent upon the completion of the Sale and Purchase of Shares Agreement dated 6 February 1995 between the Company and Negara

Properties (M) Berhad ("Negara Properties") and subject to the approvals of the Foreign Investment Committee and other

relevant authorities, approved be and is hereby given for the Company to acquire all the remaining 705,000 ordinary shares of RM1.00 each, representing

24.48% of the existing issued and paid-up share capital of Chermany Development (Malaya) San Berhad ("CD"), not then held by Golden Hope

following the acquisition of the 1,057,000 ordinary shares of RM1.00 each in CD from Negara Propenses at the cash offer price of RM28,37 per share

"Mandatory Cash Offer" (AND THAT the Directors of the Company be and are hereby empowered and authorised to do all acts, deeds and things and

to execute, sign and deliver on behalf of the Company all such documents as may be necessary to give effect to and implement the Mandatory Cash Offer

with full privers to assent to any conditions, modifications, variations (including variation of the cash offer price) and/or amendments that may be required

"THAT, subject to the approvals of the relevant authorities being obtained, approval be and is hereby given to the Directors of the Company to

authorise and give effect to the Sale and Purchase Agreement dated 24 February 1995 between the wholly-owned subsidiary of the Company, The London Asiane Rubber and Produce Company, Limited ("London Asiatie") and Negara Properties Realty Sdn Bhd ("NP Realty") for the disposal by

London Assatic to NP Realty of 636.9 acres of freshold land held under CT 7968 Lot No. 3732 told lot 37271 and CT 7966 Lot No. 3721, Mukim of Setul, District of Scientisan, Negeri Sembilan, for a total cash consideration of RM33.819.500 (Ringgit Malaysia Thirty Three Million Eight Hundred

and Sineteen Thousand and Five Hundredt AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things as

they may consider necessary in expedient to give effect to the aforesaid disposal with full power to assent to any conditions, modifications, revaluations,

"THAT, subject to the approvals of the relevant authorities being obtained, approval be and is hereby given to the Directors of the Company to

authorise and give effect to the Option Agreement dated 24 February 1995 between the wholly-owned subsidiary of the Company. The London Asiatic

Rubber and Produce Company. Limited ("London Asiatic") and Negara Properties Realty Sdn Bhd ("NP Realty") whereby London Asiatic granted to NP

Realty a six-month option for a consideration of RM1.00 to purchase 397.4 acres of freehold land held under CT 7965 Lot No. 3719, Mukim of Setul.

District of Serembur. Negers Sembilar for a total cash consideration of RM21.197,000 (Ringgit Malaysia Tweaty One Million One Hundred and Ninety

Seven Thousands and, upon the exercise of such option, the subsequent disposal of the said land AND THAT the Directors of the Company be and are

hereby authorised to do all such acts and things as they may consider necessary or expedient to give effect to the aforesaid option and subsequent disposal

"THAT, subject to the approvals of the relevant authorities being obtained, approval be and is hereby given to the Directors of the Company to

authorise and give effect to the Option Agreement dated 24 February 1995 between the wholly-owned subsidiary of the Company, The London Asiatic

Rubber and Produce Company. Limited ("London Asiatic") and Negara Properties (M) Bertiad ("Negara Properties") whereby London Asiatic granted

to Negara Properties a six-month option for a consideration of RM1.00 to purchase either in its own name or in the name of a 70%-owned subsidiary of Negara Properties to be incorporated in joint venture with the Negeri Sembilan State Government 177.1 acres of freehold land held under CT 7965 Lot

No. 3720 and CT 7966 Lot No. 3722. Mukim of Setul, District of Seremban, Negeri Sembilan for a total cash consideration of RM9,740,500 (Ringert

Malaysia Nine Million Seven Hundred and Forty Thousand and Five Hundred) and, upon the exercise of such option, the subsequent disposal of the said

land AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things as they may consider necessary or expedient

to give effect to the aforesaid option and subsequent disposal with full power to assent to any conditions, modifications, revaluations, variations and/or

"THAT, subject to the approvals of the relevant authorities being obtained, approval be and is hereby given to the Directors of the Company to authorise and give effect to the Option Agreement dated 24 February 1995 between the wholly-owned subsidiary of the Company, Golden Hope

Development Sdn Bhd ("Golden Hope Development") and Negara Properties (M) Berhad ("Negara Properties") whereby Golden Hope Development

granted to Negara Properties 3 vix-month option for a consideration of RMI.00 to purchase either in its own name or in the name of a 70%-owned

subsidiary of Negara Properties to be incorporated in 3 joint venture with the Negeri Sembilan State Government 68.9 acres of freehold land held under

CT 7967 Lot No. 3724 and G 10498 Lot No. 45, Mukim of Setal, District of Seremban, Negeri Sembilan, for a total cash consideration of RM3,789,500

(Ringgir Malaysia Three Million Seven Hundred and Eighty Nine Thousand and Five Hundred) and, upon the exercise of such option, the subsequent

disposal of the said land AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things as they may consider

necessary or expedient to give effect to the aforesaid option and subsequent disposal with full power to assent to any conditions, modifications,

GOLDEN HOPE DEVELOPMENT SON BHD

"THAT, subject to the approvals of the relevant authorities being obtained, approval be and is hereby given to the Directors of the Company to

authorise and give effect to the Option Agreement dated 24 February 1995 between the wholly-owned subsidiary of the Company, Golden Hope

granted to NP Realty a six-month option for a consideration of RM1.00 to purchase 21.6 acres of freehold land held under CT 7967 Lot No. 3723, G

1836 Lox No. 1050 and CT 1805 Lot No. 3296, Mukim of Setul, District of Seremban, Negeri Sembilan, for a total cash consideration of RM1,188,000

(Ringgit Malaysia One Million One Hundred and Eighty Eight Thousand) and, upon the exercise of such option, the subsequent disposal of the said land

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things as they may consider necessary or expedient to

give effect to the aforesaid option and subsequent disposal with full power to assent to any conditions, modifications, revaluations,

(i) A member of the Company entitled to attend and vote at the Meeting is entabled to appoint one or more proxice, but not exceeding two, to attend and vote in his stead. Where A memoer of the Company entaired to be used and the invalid unless he specifies the proportion of his holdings to be represented by each proxy. A proxy need not be a member of the Company but must attend the Meeting in person to vote. If he is not a member, he must be an advocate, an approved company auditor or a person

approved by the Registrar of Companies in a particular case [Section 149(1)(b) of the Companies Act, 1965]. The instrument appointing a proxy shall be in writing

under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation under its common seal or under the hand of son

tin All forms of proxy should be deposited at the Company's Registered Office, Tingkat 13, Menara PNB, No. 201-A Jalan Tun Razak, 50400 Kwala Lumpur, not less than

Development Sdn Bhd ("Golden Hope Development") and Negara Properties Realty Sdn Bhd ("NP Realty") whereby Golden Hope Development

with full power to assent to any conditions, modifications, revaluations, variations and/or amendments as may be imposed by the relevant authorities."

ASIATIC RUBBER AND PRODUCE COMPANY, LIMITED

(MALAYA) SDN BERHAD

COMPANY (MALAYA) BERHAD

paid-up share capital of CD, to be satisfied by a cash consideration of RM29,987,090 or RM28.37 per share; and

share capital of MR, to be satisfied by a cash consideration of RM29.135,353 or RM72.22 per stock unit,

operations director in charge of inntrepre-neur's non-tied estate, is finance and busi-

Also, there could be more information on the strengthening of AAH's management. This was alluded to in its latest defence. "On completion of the divestment programme, a management structure appropriate to the group's focus on its healthcare businesses will be

introduced. The point is expected to form part of presentations made to AAH's main shareholders this

Gehe, meanwhile, will remind shareholders that its offer represents a 44 per cent premium to the AAH share price shortly before the hid was launched

The company said yesterday it was a fair approach at more

ACQUISITIONS OF A 36.70% EQUITY INTEREST IN CHERMANG DEVELOPMENT

(MALAYA) SDN BERHAD AND A 28.80% EQUITY INTEREST IN MENTAKAB RUBBER

MANDATORY CASH OFFER FOR SHARES IN CHERMANG DEVELOPMENT

DISPOSAL OF APPROXIMATELY 636.9 ACRES OF LAND BY THE LONI

OPTION TO DISPOSE OF APPROXIMATELY 397.4 ACRES OF LAND BY

OPTION TO DISPOSE OF APPROXIMATELY 177.1 ACRES OF LAND BY

OPTION TO DISPOSE OF APPROXIMATELY 68.9 ACRES OF LAND BY GOLDEN HOPE DEVELOPMENT SDN BHD

OPTION TO DISPOSE OF APPROXIMATELY 21.6 ACRES OF LAND BY

Kusia Lumpur

17 April 1995

THE LONDON ASIATIC RUBBER AND PRODUCE COMPANY, LIMITED

THE LONDON ASIATIC RUBBER AND PRODUCE COMPANY, LIMITED

than 20 times AAH's estimated 21.5p earnings per share for the year to March 31.

The German group acquired some 12.4m AAH shares in the market on April 12, taking its total stake to 17.8 per cent, and is likely to pick up

The chances of success of the revised offer is finely balanced. in the view of many analysts. It was not as high as had been expected, but could still be enough to secure shareholder approval.

PDFM holds 17.2 per cent of AAH shares, Schroders 7 per cent, Threadneedle Asset Management S.5 per cent and Newton Investments about 3 per

Mill House will spend a further £4m

refurbishing the properties, which had a

Mr Williams said that Mill House had

finance available for further acquisitions.

The company is backed by Causeway Capi-tal, the development capital company and

advised by Guinness Mahon Corporate

turnover last year of some £10m.

The group's annual report and accounts, published at the weekend, showed that his basic salary rose from £130,000 to £150,000 while his performance-related bonus was increased 54 per cent to £120,000 (£78,000). He was also granted more

PAY PACKAGES

National

Express

chief's pay

up by 25%

Mr Ray McEnhill, chief executive of National Express,

saw his pay and benefits pack-

age increase by 25 per cent

last year after the long-haul

coach and reginnal airport

operator reported a sharp

increase in profits.

Mr McEnhill, who helped to

steer the group to pre-tax prof-

its of £15.2m (£9.31m), was

paid a total of £306,000

By Tim Burt .

(£244,000).

than 111,000 share options at 270p, against a mid-market price for the shares of 291p last year.

Mr McEnhill has been credited with pushing through National Express's expansion into bus travel, dominated by the £243.7m acquisition last month of West Midlands Travel – one of the UK's largest bus operators - and the £7.13m takeover of Bournemonth International Airport in February.

It emerged at the weekend, however, that six non-executive directors at the airport had resigned, complaining that the site had been undervalued.

 The total pay, pension and bonus package of Mr Maurice Dixson, chief executive of Simon Engineering, received £362,301 after his first full year with the plant, contract-ing and mubile platform

Although the company failed to pay a dividend and admitted that it faced significant problems last year, it paid Mr Dixson a £60,000 bonns and £\$0,520 pension allowance after he masterminded a restructuring that cut pre-tax losses from £160.3m to £18m and reduced ! gearing from 264 per cent to

Mr Neville Buch, chairman of Blenheim Gronp, the exhibitious organiser, saw his total pay and henefits cut from £361,525 to £330,139 last

86 per cent.

He and other directors also waived £177,900 of other benefits and did not receive a The company announced a 33 per cent fall in expanding the subscriber base profits last month.

apers, enjoyed a 7 per cent increase in salary and bonuses last year as his total pay package rose from £436,776 to £467.069.

 Argos, the catalogue retailer, last year awarded its directors honns payments worth nearly five times that of 1993. This helped push total directors' emoluments np hy 14 per cent from £1.32m to

The company's 1994 annual report shows basic salaries and benefits falling slightly to £1.05m (£1.06m) but honus payments increased to £232,000 against £48,000 previously.

The highest paid director, Mr Mike Smith, chief executive, received a 20 per cent rise in his salary and benefits from £268,950 to £323,251.

Last year's pre-tax profits increased by 20 per cent to £100.2m.

New Saatchi wins most of Dixons' business

By Diane Summers, Marketing Correspondent

New Saatchi, the hreakaway agency set up by Maurice Saatchi after his ousting from Saatchi & Saatchi, has moved close to the top 20 UK advertising agencies by winning business from Dixons, the electrical retailer.

In a deal signed just before Easter, Dixons removed its 640m spending from Saatchi & Saatchi, placing most of the

with New Saatchi. New Saatchi said its billings had more than doubled with

the deal to about £75m. Mr Nick Hurrell, joint chief executive, said: "This win takes the agency to a critical mass".--Another agency, D'Arcy Masius Benton and Bowles, will do a small amount of cre ative work for Dixons and carry out all media buying. Saatchi & Saatchi's sister company, the Facilities Group, con-

creative work on the account tinues production work on the account. New Saatchi is likely to double its staff to about 80 people to handle the Dixons

> Margins on the work gained by New Saatchi are likely to be tight. It is believed the largest profits are made in the media buying and production ends of the account and Dixons has taken the opportunity of the review to drive down costs on creative work.

Still upwardly mobile

sales rise hy more than 93 times and pre-tax profits by 55 times over the past seven

The Stoke-on-Trent company is an expanding survivor in a sector of such speedy growth that failure beckens all but the fittest and surest of foot. It is involved in the provision of mobile telephone services.

When the figures for 1994 are reported they will show pre-tax profits of £2.5m and sales of £85m. This year it is expecting pre-tax profits of £4.5m on turnover of about £140m.

Whether such rapid growth can be maintained depends as much on markets overseas as on domestic sales.

The domestic industry is quirky. Wholesaling companies such as Caudwell make little or no profit on the sale of a telephone. They recoup their. investment and generate earnings from the provision of the telephone services. It is like selling a razor but locking the buyer into a certain type of

When the business started in the UK 10 years ago, the pioneering operating companies Vodafone and Cellnet were forbidden to deal directly with customers to prevent the emergence of monopolies, Instead, they had to deal through service providers such as Caud-

The service provider buys airtime from the operator at a discount and sells it on either to customers or to dealers. The service company is also responsible for billing the customer and collecting the cash. For every pound collected, about 750 goes to the service opera-

The more subscribers you that reduces put on, the more that reduces the profit. The henefits of will come through from 1997 Lord Stevens, chairman of onwards." said Mr John Caudwen, managing cirector.

By the end of this year Paul Cheeseright and Alan Cane Candwell Communications will have seen its On Candwell Communications on Caudwell Communications



John Candwell: managing without outside finance

in the last two years, Caudwell has raised the number of subscribers from 100 to 3,000 a month. The target for December 1996 is 20,000. This is not a large portion of the market. Nationally the number of new subscribers last year averaged about 150,000 a month. Service providers and opera-

tors both pay commission to dealers to encourage them to recruit new customers - typi-cally £160 from the operator and £100 from the service provider for each new customer. Making a profit in such a

business means running a tight operation with low overheads. Caudwell is respected throughout the industry for this. It is one of the top 10 Vodafone service providers in the UK and close to being the largest in private hands. Service providers can also be

distributors, and the company is distributing about 40,000 telephones a month. The precise balance between domestic retailers and overseas markets is unclear. It is opening subsidiaries in Africa, Asta and Europe. Mr Caudwell believes and India, the development of hardware networks will give way to cellular networks. However the cempany's international ambitions may not sit too comfortably on the present capital structure. Mr Candwell and his brother Brian own 96.5 per cent of the equity. The balance is held by Mr Craig Bennett, the finance

Since 1989 the Caudwells have made certain that the value of their capital has consistently been greater than their borrowings. "I'm happy i can manage the business until flotation without requiring outside finance," said Mr Caudwell.

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Such a flotation would take place between 1997 and 1999. "Prior to flotation, the strategy is organic growth. After flotation, and this one of the reasons for doing it, there will be the opportunity to have acquisitive growth," he added.

Such acquisitions will probably concentrate on the purchaser of management teams. "Our biggest problem is peo-But the Caudwells make it

clear they will float on their own terms, "I want Brian and I to retain a majority in the com-They will float up to 40 per

cent of the company, which they hope will he valued at. about £250m. - In the past five years the

rules have been changed and service providers are no longer obligatory. Does this mean the beginning of the end for companies such as Caudwell?

Their response is that well run service providers will always be valued by operators as the linchoins of an efficient . . and cost effective distribution network, without which the mobile phone explosion would

NEWS IN BRIEF

ASCOT ROLDINGS. the

property, pnhs and hotels

group which underwent a

financial restructuring in December, has sold its freehold property, Hunt End Estate, Redditch, West Midlands, to

Revelan Estates for £3.25m.

Proceeds will be used to reduce

debt. The gross rental income

from the 131,000 sq ft property

amounts to £280,500 a

DWYER ESTATES has

exchanged contracts to buy a residential development site on

the Fulham Road in south-west

London from British Telecom-

FIFE INDMAR: Open offer has

closed with 218,087 new ordi-

nary shares taken up by share-

ted to them in full. The

balance of 2.86m new ordinary

been placed with institutional

LISTER & CO. is to sell Albert

Mill, Bingley, West Yorkshire for £870,000 in cash. Proceeds

will be used to reduce bank

subscriptions for 1.17m shares,

VINTEN GROUP: Recent open

offer has been accepted in respect of 6.36m new shares.

representing 92.67 per cent. EGM approved the acquisition

UNIT GROUP has announced ...

representing 39 per cent of the rights issue shares.

shares (92.9 per cent) has

investors.

borrowings.

of Sachtler.

ders which have been allot-

munications for £4.45m cash.

	CROSS BORDER	R M&A DEALS		
BIDDER/INVESTOR	TARGET	SECTOR	. VALUE .	COMMENT
Seagram (Canada)	MCA (US)	Film production	£3.6bn	Matsushita heads for exit
Zurich Insurance (Switzerland)	Kemper (US)	Financial services	£1.25bn	Zunich leads agreed bid
Gehe (Germany)	AAH (UK)	Pharmaceuticals .	£400m	AAH unimpressed by increase
Holtzbrinck (Germany)	Macmillan (UK)	Publishing · ·	est £200m	Majority stake agreed
ABN Amro (Netherlands)	Affred Berg (Sweden)	Banking :	£85m	Volvo continues disposals
Alco Standard Corp (US)	Southern Business Group (UK)	- Office equipment	£81.1m	Rival bidders bowing out
Vickers (UK)	Aquamaster Rauma (Finland)	Engineering	£32m	Complementary buy
Metall Mining (Canada)	WBH (Austria)	Mining	£12m	Needs sundry approvals
Pioneer Investments (US)	First Investment Voucher Fund (Russia)	Financial services	£11.2m	51% stake approved
BT (UK)/Bance Nazionale dei Lavoro (Italy)	Albacom (JV)	Telecoms	n/a	Another link in Euro-chain

Shareholders in Royal Nedlloyd Group N.V. and other entitled parties are invited to attend the Extraordinary General Meeting of Shareholders which will take place on Wednesday 3 May, 1995, at 09.30 hours in the Company's offices, Boompies 40 in Rotterdam.

(a) Proposal to amend the articles of association of the Company
 (b) Proposal to adopt the amended Regulations for the Committee of Shareholders

be held on 24 May, 1995. The notice convening this annual meeting will appear in the 4 May, 1995.

To obtain entry to the meeting and to be able to exercise the rights attached to registered shares, holders of registered shares must have given written notice of such intention at the latest on Wednesday 26 April, 1995, to the Executive Board (Secretariat Executive Board, Boomples 40, 3011, XB Rotterdam, The Netherlands) who will then issue an admission card to the meeting. Proxies

Shareholders wishing to be represented at the meeting through a written proxy are being advised that their form of proxy must have been signed by the rightful owner of the relevant share(s). In addition, the form of proxy must have been received in the office of the Company by mail or fax not later than on Wednesday 26 April, 1995 (Secretariat Executive Board, Boomples 40, 3011 XB Rotterdam, The Netherlands, fax 31-10-400.61.90). When registering, the holder of bearer shares will receive a form of proxy from the bank; the holder of registered shares will receive a form of proxy from the bank; the holder of registered shares will receive a form of proxy from the bank; the holder of registered shares will receive a form of proxy from the Executive Board.

Rotterdam, 18 April 1995

Nedlloyd

As of today, copy of the proposal to amend the articles of association containing the full text of the amendment together with the proposed Regulations for the Committee of Shareholders can be obtained free of charge at the office of the Company (telephone: 31-10-400.68.12) and at the offices

At the meeting a decision about amending the articles of association can be taken only if more than one-half of the capital issued is represented. If such representation is not in the meeting, the proposals to amend the articles of association and to adopt the Regulations for the Committee of Shareholders will be placed on the agenda of the amusal General Meeting of Shareholders which will be applied to the agenda of the amusal General Meeting of Shareholders which will be applied to the agenda of the amusal General Meeting of Shareholders which will be applied to the agenda of the amusal General Meeting of Shareholders which will be applied to the agenda of the amusal General Meeting of Shareholders which will be applied to the agenda of the amusal General Meeting of Shareholders which will be applied to the agenda of the agenda

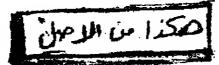
To obtain entry to the meeting and to be able to exarcise the rights attached to bearer shares, holders of bearer shares must have deposited their shares at the latest on Wednesday 26 April, 1995, at the office of the Company or at the Main Office of one of the following banks:

-ABN AMRO Bank N.V., Herengracht 595, 1017 CE AMSTERDAM -MeesPierson N.V., Rokin 55, 1012 KK AMSTERDAM -Commerzbank AG, Neue Mainzerstrasse 32-36, 60261 FRANKFURT AM MAIN.

The certificate of deposit from the bank will serve as admission card to the meeting.

Royal Nedfloyd Group NV - Boompies 40 - 3011 XB Rotterdam - Tel. 31-10-400 68 11

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Banque de Neuflize, Schlumberger, Maller

Caisse Centrale des Banques Populaires

Morgan Guaranty Trust Company of New York

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Royal Bank of Canada Group

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Swiss Bank Corporation

The Chase Manhattan Bank, N.A.

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The Suminomo Bank, Linuad Union Bank of Switzerland Bauca Commerciale Italians Banca di Roma Peri Bandi

Bayerische Vereinsbank AC

Credita Italiano SpA

Raboliank

Morgan Guaranty Trust Company of New York

JPMorgan

AEGON N.V., registered offices at The Hague, The Netherlands

Shareholdars are invited to attend the Annuel General Meeting of Shareholders to be held at the AEGON headoffice, 50 Mariahoeveplein, Tha Hague, The Netherlands on Tuesday, 9 May, 1995 at 2.30 p.m.

- Call to Order and Opening.
- - Annual Report and approval of the ennual accounts end tha final dividend for the 1994 financial year.
- Information on the results of the first guerter of 1995.
- Amendments of the Articles of Incorporation. Interim dividend for the 1995 financial year.
- Vacancies and Irelappointments with regard to the Supervisory Board as
- Vecencies In the Supervisory Board in 1996.
- Resolution to designete the remuneration of Supervisory Board members. Authorization as referred to in section 4, subsection 16 of the Articles of
- Questions and adjournment.

The agenda with explanations, the annual accounts and the annual report for 1994 with the data required by lew, the data and information required by law with respect to the candidates proposed for (re)appointment as members of tha Supervisory Board and a copy of the proposal containing the actuel text of the proposed Amendments of the Articles of Incorporation, are deposited for inspection from this time until the end of the Meeting at the Compeny's office in London and are aveilable free of charge to any shareholder, upon request.

Molders of shares to begrer or thair proxies shell be admitted to the Meeting upon producing a voucher showing that their share certificates or their mandator's share certificetes respectively here been lodged in the United Kingdom at the ABN AMRO Bank N.V. In London. The proxy shall produce his proxy statement. The lodging mendoned must have taken place on 3 May, 1995 at the latest.

The Executive Board

The Heque, 18 April, 1995 50 Manahoeveolein



This advertisement does not constitute an offer or commitment of any kind whatsoever by or on behalf of the Republic of Sierra Leone or the Bank of Sierra Leone and neither the Republic nor the Bank accepts any legal obligation in connection herewith.

Sierra Leone

Commercial Debt Reduction Programme - Pipeline

The Bank of Sierra Leone (the "Bank"), on behalf of itself and the Republic of Sierra Leone (the "Republic"), has issued an Invitation Circular dated March 31, 1995 containing the terms and conditions of a debt reduction programme (the "Programme") supported by the International Development Association of the World Bank. The Programme provides for the settlement of certain debts of the Republic and the Bank.

Certain claims relating to transactions caught in the foreign exchange pipeline in 1978-1988 are included within the Programme.

Holders of such claims ("Pipeline Claimants") should note that copies of the Invitation Circular have been despatched for the attention of Pipeline Claimants whose details are available in the records of the collecting banks in Sierra Leone. In most cases, the Invitation Circular has been sent to the remitting bank in the country of the Pipeline Claimant, for onward transmission to the Pipeline Claimant

Pipeline Claimants are therefore advised to contact their bank to ensure they receive a copy of the Invitation Circular. Completed Tenders must be received by the collecting banks in Sierra Leone

Please note that debt is only eligible under the Programme if it meets all the conditions set out in the Invitation Circular.

This advertisement is issued on behalf of the Republic and the Bank by their financial advisers, ScotiaMcLeod Inc.. Toronto, a wholly-owned subsidiary of the Bank of Nova Scotia.

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To Advertise Your

Alsthom may split job of chairman By John Ridding in Parts

Alcatel

Alcatel Alsthom may separate the roles of chairman of the group and of its telecome subsidiary as it seeks to resolve the management crisis created by the ban on Mr Pierre Suard, its embattled chairman.

Mr Suard appears set to be replaced at a board meeting this evening, following Friday's decision by an appeals court to uphold the main elements of a judicial order bar-ring him from running the transport, telecoms and engineering concern. The order was issued last mouth by a magistrate probing allegation of over-billing of France Telé-com and the abuse of company

The Alcatel chief, who has denied any wrongdoing, is likely to remain on the Alcatel board. However, this evening's meeting is expected to appoint a caretaker chairman to oversee the search for a permanent successor. Mr Marc Viénot, bead of Société Générale, one of France's higgest banks and Alcatel's biggest shareholder, is widely expected to be the interim chairman.

Some within the group believe Mr Suard's functions should be split between that of chairman of Alcatel Alsthom and a new head for Alcatel, the telecoms arm. They argue this would belp decentralise management and increase flexihility at the telecoms division, and that the range of the group's activities, which spans the manufacture of high-speed trains, power stations, and cables represents too demanding a task for the bead of the telecoms subsidiary. "It is like asking Jack Welch [chairman of General Electric) to look after the day-to-day running of the turbines business of General Electric," says one execu-

Such a reform, however, would be expected to run into opposition from some board members who favour the maiotenance of the existing structure. "It is part of French business culture to bave a powerful PDG [chairman and chief executive]," said one industry observer.

The board wants a successor for Mr Suard by its annual shareholders' meeting in late June. Speculation on possible candidates has included Mr Serge Tcburuk, chairman of Total: Mr Jean Syrota, chairman of nuclear group Cogema; and Mr Pierre Bilger, bead of GEC-Alsthom, the engineering with GEC of the UK.

By Ronald van de Krol

match this in 1995.

time in the 1990s, after return-

ing to profit in 1994 and fore-

casting that it will at least

The company said it swung

into a net profit of FI 92m

FI 112m in 1993. Turnover was

almost flat at Fl 6.61bn com-

pared with Fi 6.60bn, but this

was partly because of disposals

and a decline in transport

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the Notes on the external parameter date

28th April 1995 The principal amount

clore be £87,286 per Near.

on 29th April 1995 will

rates. The underlying increase FI 1.55 to FI 1.60.

USD 10,000,000,000 EURO MEDIUM TERM NOTE OF SOCIETE GENERALE, SOCIETE GENERALE ACCEPTANCE NV AND SOCIETE GENERALE AUSTRALIA LIMITED SERIE N°53

SGA SOCIETE GENERALE ACCEPTANCE NV FRF 300,000,000 REVENSE FLOATING RATE NOTES DUE APRIL 2004

ISIN CODE: XS0048558760

Notice is hereby given to the Noteholders that, pursuant to the Tarms and Conditions of tha Notes, tha rate applicable to the period from October 13th, 1994 (included) to April 13th, 1995 (excluded) was 4,4722 % P.A. with en interest amount of FRF 22,609,46 per denomination of FRF 1,000,000.

THE PRINCIPAL PAYING AGENT SOGENAL

THE PRINCIPAL PAYING AGENT SOGENAL
SOCETE GENERALE GROUP
15, Avenue Emile Reuter
LUXEMBOURG

(\$59.1m) from a net loss of

Nedlloyd pays first

dividend in five years

Nedlloyd, the Dutch shipping and road-haulage group, is to pay a dividend for the first the 1989 dividend of Fl 3.30.

before.

COMPANIES AND FINANCE

Sega forced to lower forecasts for the fiscal year, compared for next-generation games ally, and by accelerating its with Y108 in the previous 12-products.

By Emike Terazono in Tokyo

Sega Enterprises, the Japanese video games maker, has been forced to revise down profit forecasts for its recently-completed business year because of the surge of the yen and further sluggishness in the European market

The company's amouncement follows a similar revision warning earlier this month by Nintendo, which now expects pre-tax profits to be nearly 7 per cent lower than projected. Sega said it had revised down its consolidated recurring profits for the year to the

Y10.3bn (\$123.6m), less than half the Y21.6bn posted the year before The dollar averaged Y99.60 a new advance into the market

end of March by 62.7 per cent

from initial projections, to

month period. Sega's forecasts for the current year are based on the assumption that the dollar will average Y85.

Sega also blamed the sluggish European home video games market, which grew rapidly in 1991 and 1992, and slow sales in the US, where consum-ers are shifting to next-generation products recently introduced to the market.

Sega Europe is expected to report a net loss of just less than Y9bn in the latest fiscal year. Sega said the size of Europe's video games market had fallen 75 per cent from its peak. Against this hackdrop, Sega has reduced software inventories at its European subsidiaries and is considering

in the US, Sega said home video games demand had run its course, leading US subsidiaries to break even at the net level For all of North America. Sega posted a net loss of Yihn. Sega blamed weakness at Canada-based units.

Group after-tax profits for the year were revised down by 56.5 per cent to Y5bn, a 55.4 per cent drop from the year earlier. Sales were also revised down. by 4.6 per cent to Y360bn against the previous year's

Sega said it was trying to overcome the high yen problem by increasing the share of its amusement business hullding and operating games domestically and internation

Sales of home video games products currently account for two thirds of its revenue, and company officials see this declining as revenue from other divisions grow. The company earlier this year announced it would open an amusement centre in London's Piccadilly Circus next year, and sees further scope for growth in the sector.

On a non-consolidated basis Sega expects recurring profits for the 12 months to last March to plunge 45.9 per cent from the year before, to Y23bn. Parent after tax profits are now expected to fall 39.7 per cent from a year earlier, to Y23.2bn. entertainment centres - on a 5.9 per cent decline in domestically and internation sales to Y333hn.

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Luxottica wins battle for US Shoe with \$1.3bn offer

By Richard Temkins in New York

Luxottica, the Italian spectacle frame maker, yesterday looked set to become the biggest retailer of its type in the US after winning its battle to take over US Shoe, the lossmaking US retailer, with an increased offer worth \$1.3bn.

The two sides on Sunday reached agreement in principle to a deal in which Luxottica will pay \$28 in cash for each US Shoe share, \$4 a share more than it originally offered. The accord is subject to the approval of both companies' boards and the drawing np of a definite merger agreement.

plier of spectacle frames to the US, approached US Shoe in March looking to buy its LensCrafters business, the biggest US retailer of eyeglass frames and to sell the remaining operations. US Shoe has three retailing businesses, of which LensCraf-

ters is the best performing. A

Loxottica, already a big sup-

second operation sells foot-wear, and a third, the worst performing, sells women's clothing. Last month, US Shoe rejected Luxottica's \$1.1bn offer as inadequate and announced it had agreed to sell its footwear business to Nine

stock warrants.
It is understood this deal will still go ahead under the agreement with Luxottica. As originally planned, the Italian company is also expected to seek a ouver for the women's clothing Even after the disposal of the

retailer, for \$560m in cash plus

footwear and women's clothing business, Luxottica will be acquiring a husiness much larger than itself. Last year, Luxottica had revenues of L813bn (\$476.8m), while US Shoe's eyewear business alone had revenues of \$767m. US Shoe shares were up \$1 at

\$27% in midday trading, while Luxottica lost \$1/4 to \$341/4.

West, another US footwear UBS may act against BK Vision

By Ian Rodger

Union Bank of Switzerland (UBS) is considering legal action against BK Vision, an investment company and its largest sharebolder, for publishing accusations that allegedly damage the bank's reputa-

in volumes carried by Nedlloyd

Nedlloyd plans to pay a

In ocean-going shipping, Nedlloyd boosted its operating

results to Fillim from Fl39m.

while in European road haul-

For 1995, Nedfloyd forecasts

net results at least equal to

1994's if the dollar remains in

its current trading range of

Bank of Greece

ECU 200,000,000

Floating Rate Notes Due 1997

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the

July, 1995, against presentation of Coupon No. 13.

Union Bank of Switzerland London Branch Agent Bank

12th April, 1995

was 7 per cent.

On Saturday, BK, which holds about 3.6 per cent of the eligible votes, sent a letter to its sbareholders saying it would vote against the normal motion to discharge UBS directors of their responsibility for last year's affairs. Such a move had been expected after BK filed criminal charges two weeks ago against Mr Robert Studer, UBS chief executive. and other directors, for within damaging the bank last year.

BK also wrote that the stock market distrusted UBS and insinuated that its directors lacked integrity. UBS said the letter, which

was reproduced in BK advertisements in two Swiss newspapers at the weekend, was completely over the top". The letter pointed to two pre-

liminary court judgments which acknowledged that it was plausible that UBS directors bought the bank's shares last autumn to influence the outcome of a vote to convert its registered shares into bear-

BK said it had sought criminal proceedings against UBS directors because they spent large sums of shareholders' money to buy registered shares last autumn in the run-up to A ratings from all leading the vote on the share conver- credit agencies.

sion plan. According to BK, they did so in the knowledge that the value of those shares, then at an effective premium to the bearers, would fall if the conversion plan was approved. and they always expressed confidence it would be approved.

UBS rejected the charges as being "entirely without substance". The Zurich District Attorney has yet to decide whether there is sufficient evidence to authorise formal proceedings.

As a result of this action, according to BK, "the market distrusts the bank's leadership", a claim UBS disputes. "Our shares have performed recently in line with the market " it said

The bank also retains triple

Time Warner to sell

By Tony Jackson in New York

Time Warner, the US media group, is to sell 51 per cent of its Six Flags theme parks business to e US investment group for \$200m. The deal, part of its drive to reduce deht after recent heavy expenditure on cable-TV networks, also involves the transfer of \$800m

age, operating results improved to e profit of F154m from a loss of F14m the year The investment group is led by Boston Ventures, a venture

Time Warner family."

Mr Robert Pittman, head of Six Flags, was last week reported to be seeking a buy-

51% of Six Flags unit

of debt to the new venture.

capital firm which specialises in entertainment and the media. Time Warner said it would retain joint responsibility for managing Six Flags. Its chairman, Mr Gerald Levin, said: "We will retain all the strategic benefits of having Six Flags as an integral part of the

similar to those agreed with Boston Ventures, Time Warner said Mr Pittman had agreed to stay on through the summer, after which it would appoint a

replacement. Mr Levin said the deal hrought to \$1.1bn the total reduction in Time Warner's debt since the debt reduction programme was announced in February. The group's purchase of cable networks is costing almost \$5bn.

Six Flags, which runs 10 parks in seven US locations, was bought by Time Warner between 1991 and 1993 for \$120m in cash plus the assumption of \$550m in debt.

Time Warner also reported a 7 per cent rise in group cashflow, to \$681m, for the first quarter and a 7 per cent reduction in its net loss to \$50m, or

NEWS DIGEST Enichem

trims loss for year

Italy's Enichem state petrochemicals company has trimmed its consolidated losses to L857bn (\$502.6m) last year from L2,678bn in 1993 and expects to report strong profits this year, Reuter reports from

Enichem posted a consolidated operating profit of L899bn in 1994 against a loss of : L819bn in the previous 12. months. However, extraordinary items totalling L533bm and financial charges of L723bn resulted in an overall

loss, the company said. Net financial indebtedness had fallen to less than L5,000bn at end-1994 from L8.3565m at end-1993. It had dipped below L4.000bm by the end of March, thanks to a joint venture with Union Carbide. Turnover in 1994 was L11,556bn, an increase of 18.3 per cent on 1993 when calculated in the same terms.

Teck mine stake

Teck Corporation, the Canadian mining group, has agreed to pay C\$108m (US\$78.9m) for a stake in the potentially rich nickel, copper and cobalf deposit at Voisey Bay, Labrador, writes Bernard Simon in

Toronto. Teck will buy 3m shares at C\$36 each in Diamond Fields Resources, the exploration company which discovered the Voisey Bay deposit. Diamond Fields' shares were trading at C333 on the Toronto Stock Exchange before yesterday's

Mr John Lydall, analyst at First Marathon Securities in Toronto, estimated in a recent report that Voisey Bay could . produce between 60m and 110m lbs of nickel a year.

Santander issue

Banco Santander, the largest Spanish banking group, has launched a \$300m subordinated debt issue in the US market as part of a strategy to strengthen its capital base as it embarks on fresh expansion plans, writes David White in Madrid. The issue of 10-year bonds at 7.935 per cent, underwritten by a syndicate led by Merrill Lynch, is its second this year,

bringing the total to \$450m. Mr Matias Rodríguez Inciarte, vice-chairman, said the issue would raise the ratio of capital to assets to 10.7 per cent, compared with 10.3 per cent at the end of last year.

The end-1994 level was down from more than 13 per cent prior to Santander's acquisition last April of the controlling stake in Banco Español de Crédito (Banesto). However, Mr Rodríguez Inciarte noted this was still above the minimum laid down by the Bank for International Settlements.

Appeal of derivatives widens

European pension funds and insurance companies are making wider use of derivatives in their investment strategies, according to a survey* by Intersec Research, the US consultancy group, and the Euro-pean Managed Futures Associ-ation. They found that some Euro-

pean fund managers had begun exposure to markets. Mr Staphen Oxley, vice-

president of Intersec in London, said interest in the managed futures funds indicated extent in the US.

a combination of cash or bonds and exchange-traded deriva-

to invest directly in so-called "managed futures" or "struc-tured derivatives" funds, which use futures and options as their primary means to gain that the Raic of interest for the three month period ending 18th July, 1995, has been fixed at 7.25% per annum. The interest accruing for such three month period will be ECU 183.26 per ECU 10,000 and ECU 1,832.64 per ECU 100,000 Beurer Note, on 18th July, 1995, assign persecution of

the sector could be emerging in Europe as a separate asset class, as has happened to some Such funds usually invest in

Of the 350 European pension funds and insurance companies interviewed for the survey, 14 said they invested in ber used them for bedging cur-managed funds. Many more rency and interest rate risk. managed funds. Many more said they would consider such investments within the next

Mr Oxley said interest was stronger in continental Europe There is growing

interest in managed futures funds in Europe, writes Richard Lapper

percentage of fund managers said they used derivatives to support investments in other assets, such as bonds and shares. Some 174 employed them either directly or through contracted fund managers. More than 100 used them for tactical asset allocation, a technique to manage ahifts in investments in underlying

than in the UK. A much bigger

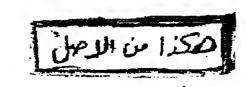
ency and interest rate risk.

Mr. Oxley said the survey identified opportunities for banks and the fund management industry in the area of managed futures, but much depended on how the products were marketed and the educa-

tion offered to customers. In spite of evidence of widespread use, the survey found a high level of fear and misur-derstanding of derivatives among investment managers, pension fund trustees and committees responsible for approv-

ing investment decisions.

Restrictions outlined in investment guidelines limited the use of managed futures or structured derivatives at 56 per cent of the institutions surveyed. Poor understanding by management, negative press and the lack of a recognised and the lack or a recognized benchmark also depressed their employment.
* Intersec Research (London shares and bonds more efficiently than through conventional means. A smaller num-





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and Silver Section (Section)

stimulate the Japanese economy and restrain the

appreciation of the yen would spark off a spate of stabilising speculation. The Japanese institutions would lead an unhedged charge to purchase dollar assets, with the result that an outflow of private capital would finally cause the yen to reverse its giddy path.

It will not, of course, take place, as the initially pessimis-tic reaction in the currency markets rightly implied. But it is worth exploring the nature of this capital and currency market logjam, because it exposes numerous contradictions in the way modern fund management works

The starting point is the plight of the Japanese life assurance companies, discussed here on December 12. Theirs is the extreme exemple of the dilemma of fund managers who are struggling to make high nominal returns in a disinflationary world.

The crude arithmetic is that the Japanese life companies have guaranteed returns to policyholders of about 4½ per cent. Yet the deflationary implications of a soaring yen

If the world were a saner place, last Fri-day's package of measures to

insolvent. The paradox of their situa-

tion is that one of the only ways for such a heavyweight group of investors to generate above-average nominal returns in the present deflationary cli-mate is to exploit currency overshoots. True, this sounds like a case of incurring high risk to secure the higher reward. Yet in the case of Japan, the risks are now miti-

the structural appreciation of the yen on a trade weighted basis is phenomenal - a far more extreme phenomenon, in fact, than the appreciation of the dollar in the first half of the 1980s. Such is the damage wrought by the overvalued yen on the domestic economy that it is safe to say that policy will have to continue adjusting in external deht, its role as a

MARKETS THIS WEEK

Global Investor / John Plender

The giddy upward path of the yen

have contributed to a fall in the yield on the Japanese 10-year benchmark government bond from just over 4% per cent at the start of the year to nearer 31/4 per cent today. If this continues the insurers are

gated to a remarkable extent. As the chart clearly shows,

order to restrain the yan's reserve currency is said to be

A yen for appreciation .G7 general government As a % of GDP in 1995

appreciation, because the alter-unsustainable. Yet it is hard to native is a slump of unhersee what 'terminal' decline can mean in a currency market, especially when applied to the The risks should not be ignored. There are those who currency of a country as rich argue that the dollar is in ter-minal decline, on the basis of as the US. A current account deficit of 2 per cent of GDP is scarcely overwhelming and the an sudemic current account US hudget deficit is no great deficit; and with \$500hn of shakes when compared with some of Europe's high spend-

	% change over period					
	· US	_ japan	Germany	Prance	Italy	UK
Cesh	_,					
Wesk	0.12	0.03	0.09	0.15	0.20	8.11
Month	0.51	0.19	0.41	0.75	0.87	0.59
Year	4.94	2.56	5.38	5.91	7.94	5.69
Bonds 3-5 year						
Week	0.40	-0.55	0.07	0.13	0.51	0.48
. Month	1.06	1.75	2.06	2.52	1.57	1.84
Year	5.31	6.74	5.03	3.12	0.11	5.31
Bonds 7-10 year						
Week	0.49	-0.61	-0.37	-0.17	0.44	0.43
Month	1.29	3.08	2.20	3.05	2,10	2.60
Year	6.18	7.89	2.36	-0.83	-10.15	4.00
Equilies						
Week	0.4	2.1	1.0	0.1 .	0.3	0.7
Month	3.8	-0.9	-0.4	7.6	-0.8	6.7
Year	17.1	-17.9	-10.5	-9.4	-22.6	4.4

ers (see chart). Indeed, looked at from a Japanese perspective, there is one modest compensation for the lack of US concern over the dollar. Because the external sector is relatively small and the dollar acts as a numeraire for commodity prices, the inflationary damage from further devaluation is not so daunting.

Goldman Sachs & Co., and NatWest

Compare and contrast with Europe where many countries are devaluing again just when capacity utilisation is rising. This points to inflationary pressure and the threat of yet more devaluation, with the added worry that many of the devaluers need to run impossibly large primary budget surpluses to stabilise their debt-to-

GDP- ratios. D-Mark-related assets, meantime, look expensive because the D-Mark is itself the subject of an incipient bubble.

The clinching argument for contrarian behaviour is sheer size. The life insurance companies alone have assets of \$2,000bn or so, which could arguably make a positive judgment on dollar assets self-ful-

But they will not make the indgment, partly because of regulatory constraints on investing in foreign assets, hut more because the whole culture of Japan is, to coin a phrase, the opposite of contrarian. It requires official prompting, in the shape of further deregulation and a commitment hy the Bank of Japan to embark on unlimited, unsterilised intervention in the foreign exchange market.

Until that happens, it would be foolish to rely on the Japanese to act as stabilising speculators. Or, for that matter, on US institutional investors.

The US cultural hang up consists of paying too much atten-

tion to theoretical arguments for international diversification. The arguments become salf-fulfilling prophecies because the resulting capital outflows depress the dollar, so enhancing the value of foreign assets. And because many developing countries have been forced to offset the impact of US capital inflows on their own markets by accumulating dollar reserves, there is further downward pressure on the dollar as US investors panic out of emerging markets and the

reserves are run down. When the turn in the dollaryen rate finally comes, US pension fund trustees will observe that the currency markets have delivered a disproportionate amount of their total

Their fund managers will tell them, as the dollar appreciates, that they should be grateful for the resulting underperformance because it bas been achieved at a lower degree of risk than would otherwise have been the case. They will then be dispatched to outer darkness in search of a new theory - and the Japanese will reap the rewards as the dollar SOATS.

But bere we are in the realms of speculation. For the moment the Japanese motto is a more materialistic version of St Augustine's: please God make me money, but not yet.



Observers might assume that the ecopomic difficulties of Sweden, a small country perched on the northern

fringe of Europe, are of modest importance. They would be wrong. Sweden's difficulties are as significant, in their way, as the death of Soviet communism. They mark the outer

limit of social democracy. _With the revisionism of the German socialist, Ednard Bernstein, in the late nine teenth century, socialism split into democratic and totalitarian varieties. Nobody should have found gulag socialism attractive (though a depressingly large number did). Social democracy is a different matter, since if promises the prosperity of capitalism, the openness of democracy and the security of socialism.

Since the Social Democrats have been in power for most of the past 60 years, it is in Sweden that democratic collectivism has reached its apotheosis. The "Swedish model" has been characterised as "the centralised and peaceful way of solving conflicts in the labour market, the full-employment policy and the centralised organisation of society." Other observers Other observers describe the ideology of the Social Democratic Party as a mix of corporatism, welfarism, non-market oriented regulation, full employment, a

all-encompassing unions.*** Under socialism, economic activities are nationalised; under social damocracy, incomes are collectivised. Enterprises have remained private in Sweden, hut a najority of voters obtain their incomes from the state.

large public sector and strong

Until 1970, Sweden had been outstandingly successful. Over the previous 100 years GDP per man hour rose faster than in any other significant OECD Economic Eye / Martin Wolf

alded magnitude.

The limits of socialism

What active labour market policy?

Scarcin Henrelmon, Joining & Shanes

country. Since 1970, however, of GDP spent on these policies GDP growth has been only "an expensive luxury".† slightly more than half the OECD average. As a result, Sweden's purchasing-powerparity adjusted income per head fell from the third high-

est to fourteenth by 1991. Until 1990, however, Sweden had low unemployment and an exceptionally equal distribution of income. Then came the deluge. The contraction of the Swedish economy between 1990 and 1993 was worse than in any OECD country, except Finland. GDP fell 5 per cent over these three years; industrial output shrank 13 per. cent; gross capital formation fell almost a third; employment fell 12 per cent; the rate of johlessness reached over 14 per cent; and the fiscal deficit

rose to 13 per cent of GDP. Sweden's chronic ailments had suddenly turned critical. In the process several propositions were revealed as mythical, among them the view that active labour market policies guaranteed low unemployment. The summary paper of a US-Swedish joint research project labels the 5.5 per cent

Sweden enjoyed low unemployment not because of labour markst policies but because the public sector was employer of last resort (see chart). As is noted in that summary paper, "all employ-ment growth in Sweden since the early 1960's has been in services provided by local government. All of it has been by women." What has, in fact, been most active in the labour market has been the nationalisation of household services. "In Sweden", notes Professor Sherwin Rosen of the University of Chicago, "a large frac-tion of women work in the public sector to take care of the children of other women who work in the public sector to care for the parents of the women who look after their children."f

As a result of such policies, the ratio of public sector spending to GDP rose from 31 to more than 70 per cent between 1960 and 1993, while the number of public employees rose from 500,000 to 1.6m, to reach a third of the total.

Consequently, the share in GDP of the competitive sectors of the economy has halved over the past 40 years, while that of sheltered sectors has risen from 60 to 80 per cent. Internationally exposed production has been increasingly taxed, with deleterious consequences for productivity growth and the balance of

payments. Cenerous walfare benefits wage equalisation and high taxes have reduced the incentive to acquire skills and increased absenteeism. They have also led to a declining rate of household savings, a low rate of formation of new enterprises and incentives to shift production abroad.

If Sweden's crisis is to be resolved, the state must shrink. For that reason, the Sweden of today represents the high water mark of social democracy. This need to shrink should alone serve as a dire warning to others tempted by the Swedish path. But the warning is starker still. Can a democratic state reduce its role when so large a proportion of the population is

ing Sweden Around (Cambridge, Mass and London, England: MIT Press, 1994); Magnus Henrekson, Lars Jonung and Joakim Stymne, Economic Growth and the Swedish Model, Working Paper No.19, Stockholm School of Economics, May 1994, Box

utterly dependent upon it?

* Assar Lindbeck et al. Turn-

6501, S-113 83 Stockholm; † Richard B. Freeman. Birgitto pedenborg and Robert Topel, NBERISNS Project: Reforming the Welfare State. Economic Troubles in Sweden's Welfare State - introduction, summary and conclusions, Occasional Paper No 69, January 1995, Centre for Business and Policy Studies, Box 5629, S-11486 Stockholm:

Sherwin Rosen, NBER/SNS Project, Public Employment and the Welfare State in Sweden, Occasional Paper No. 61, January 1995.

Zinc market nears milestone

The zinc market could pass a psychologically important announcement of anything milestone today on its return journey from the slough of despond.

Fourteen months ago zinc won the dubious distinction of becoming only the second ba metal to see its stocks total in London Metal Exchange registered warehouses pass the 1mtonne mark.

The climb continued until early October, when a peak of nearly 1.24m tonnes was reached. But there has been an almost uninterrupted downward trend this year and the more than a 175-tonns fall this morning will take the stockpile back into six figures.

Though that might he of only arithmetical interest it could be seen as a promising augury for Thursday's meeting of the International Lead and Zinc Study Group's statistical committee, at which production and consumption projec-

tions for the rest of this year will be issued. The zinc market did not participate in the strong rise seen hy many metals last year (though lead, its sister metal, did) hut neither has it fallen back so much. When stocks passed 1m tonnes the three months delivery stood at slightly more than \$1,030 a tonne and when they peaked it was close to \$1,070, where it is

again now, having briefly topped \$1,200 in January. Weighing on zinc market sentiment has been the failure of producers to respond in sufficient numbers to the market's depression by mothballing capacity. But there have

recently some signs of move

Notahly, Japan's Mitsuhishi is reported to be likely to withdraw from smelting, because of the strength of the yen against the dollar.

"Most zinc smelters in Japan are in the red, due to the yen's surge since earlier this year." a metal industry analyst told the Reuters news agency last Thursday. "Others may follow the Mitsubishi move, cutting metal output or considering a withdrawal in the worst

A.S.

Share* USD 1 =

SUMMARY AUDITED FINANCIAL DATA (All Rupiah figures are in Millions and all US\$ are in thousands, except earnings per share)

December 31 Growth 1993 (US\$) (US\$) % (Rp) (Rp) **Total Assets** 103 821,913 373,597 405,214 192,045 150 701,820 319,009 280,337 132,861 Loans 250,155 94 Deposits 550,340 283,186 134,211 60,055 141 Stockholder's Equity 132,120 54,815 25,979 Interest Income 100,425 45,648 41,386 19,614 143 145 27,734 24,927 11,814 Interest Expense 61,014 39,411 17,914 16,459 7,800 139 Net Interest Income 148 2,316 1,053 443 Non Interest Income 19,027 8,649 5.033 2,385 278 **Profit Before Tax** 16,566 7,530 4,685 2,220 **Net Profit** Proforma Earning Per 72

Note: * Full amount in Rupiah based on weighted average of 62 million shares for December 31, 1994 and 302 million shares for December 31, 1993

0.12

155

2,110

0.07

267

2,200

otal loans outstanding advonced 150%, deposits grew 94% and net profit achieved a 254% increase. Assets rose 103% while copital base increased 141%. Return on Average Assets was 2.7%, Return on Average Equity was 17.7% and Earning per Share was up 72%.

In line with our motto "We understand your needs", we actively expanded our network of strategically located branches from 15 to 23.

We are confident that the Bank will show this same positive trend in 1995.

Board of Directors



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FT-ACTUARIES WORLD INDICES

NATIONAL AND REGIONAL MARKETS FREDAY APRE 14 1995

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Local Local

Local Currency % ong

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f(X)

WORLD BOND MARKETS: This Week

The dollar's weakness has tripped up the rally in US bond prices in recent weeks, yet economists remain bullish on

NEW YORK

the outlook. Economic data continue to suggest growth is continuing slowly enough to keep inflation under control; leading inflation indicators have taken a turn for the better, and the threat of another Federal Reserve tightening is fading. Salomon Brothers says benchmark vields are still attractive relative to surveys of long-term inflation expectations, averaging less than 3% per cent. Donaldson, Lufkin & Jenrette predicts that tha

7.25 per cent or lightly less at the end of the year. This optimism could take a hit if there are signs of stronger-than-expected growth in the second quarter, so today's figures for housing starts in March will be closely watched. The median forecast from MMS International is for a rise in the seasonally

30-year bond will be yielding

Benchmark ylekt curve (%)* 6.50 10 years 20

Richard Tomkins

adjusted annual rate from 1.32m in February to 1.35m However, tha rise can probably be attributed to mild weather, and there is little evidence that demand will remain buoyant. Other figures that could affect the market are those for unemployment claims on Thursday and the latest Philadelphia business outlook survey, but the bulls believe both will bring further evidence that economic growth

is under control.

Gilts gained ground last week,

LONDON

partially as a result of a firmer US markets.

By the beginning of the Easter holiday, 10-year yields were 7 basis points lower than at the end of the previous

The markets are sceptical about further scope for price rises, with some analysts arguing that institutional buyers are unlikely to return to the market inforce at present price

According to Mr Andrew Roberts, analyst with UBS, gilts are expected to underperform core markets in thin conditions, given the unwillingness of domestic investors to support

The short end of the market is expected to be sensitive to retail sales data due to be published on Friday, says Mr Roberts, who expects the yield spread between two-year and 10-year paper to fall from its

Richard Lapper

itself on the back last week when Germany's six leading economic institutes. pronounced on the economy. In spite of the weakness of the dollar and other currencies against the D-Mark, and the consequences for exporters, the economists held to their forecast of 3 per cent economic growth this year. Ministers took this as an endorsement of

The Bonn government patted

their policies. However, they chose to ignore the criticism of government tax and fiscal policies. The institutes disliked the way the government handled tax changes simed at helping the lower paid. accusing it of ignoring its own tax commission.

For financial markets keenly watching the actions of governments, this could be a sign that Germany's "safe haven" status cannot last for ever. If the tex system remains confused - with rates too high and with too many distorting

Andrew Fisher

-10 yrs 20 --- 30

8.50

5.50

"All yiekis are smiket or Source: Harrill Lynch

heavier pensions and

and spending is not reduced

adequately, a reduction in the fiscal burden will be hindered.

The institutes also said the

memployment burden since

reunification should not simply be financed through

should be paid for out of taxes

social costs and help create jobs. The Bundesbank is likely

to make similar warnings in its

higher contributions, they

This would cut industry's

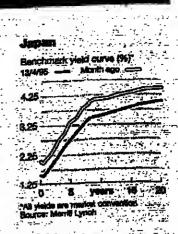
Bond prices received a boost from last week'e cut in the official discount rate, and from Benchmark vield corve (96)* a sharp decline in the - . MOTER 200 == overnight call rate on the short-term money markets

TOKYO

Following the 0.75 percentage point cut in the ODR, to a record low 1 per cent, traders had expected the overnight call rate to fall around 1.4 or 1.5 per cent. However, the Bank of Japan yesterday provided extra funds, indicating it is likely to press commercial banks further to lower their

short-term prime lending rates Aside from the ODR cut, the lack of response from the stock : and currency markets to the Solarument, 8 emer Senci. economic package also supported bond prices. Yields have discounted the immediate impact of the yen's strength on investor and business

Mr Masataka Sera, of Sanwa Bank's capital market trading



continuing to discount the deteriorating outlook for the

Market participants are focused on the central bank's quarterly economic outlook, which is released on Friday. which will give further indications of the bank's perception of the economy. It has revised its outlook in the past few weeks and investors will be looking for further subtle changes in the wording

African bonds

Ghana prepares for leaner donor days

country to have an international bond market.

Plans for its launch later this year will be discussed this Ghana stock exchange, stockbroking firms, merchant banks, the Bank of Ghana (the country's central bank) and the finance ministry.

South Africa is currently the only sub-Saharan African country with such a market. Ghana's move comes almost

five years after it opened an equity market. Some 18 companies, with a market capitalisation of about \$2bn, are listed on the Ghana stock exchange. The dominant listing is that of Ashanti Goldfield, the mining group which is also quoted on the London Stock Exchange. Mr Yeboa Amoa, managing

director of the stock exchange said; "We bave bad a stock exchange for nearly five years and we thought this was the logical step in providing a broader range of products.

The government hopes the new market will not only help it raise funding, particularly

REVENUES (FF BILLIONS)

SERVICES

CONSTRUCTION

OTHER ACTIVITIES

NET INCOME (GROUP SHARE)

(FF MILLIONS)

FAR EAST

3.3 %

AFRICA AND

AND SOUTH

AMERICA 17.1 %

OF BUROPE

for long-term development projects, but that it helps it prepare for a time when it can no longer rely on international donor aid. However, not all investors agree with the timing

The new market, which is being set up by the stock exchange as part of its own operations, will eventually trade a wide range of products including government, corporate and municipal bonds, as well as mortgage-backed secu-

Mr Donald Jones, an independent consultant engaged by

of Ghana will be the first issuer of long-term debt, possibly with a five-year maturity band. "This will offer a benchmark against which other products such as municipal an corporate bonds can be priced," be said.

the World Bank to advise on the project, said: "There is already a viable money market in commercial paper and treasury bills, so the foundation has already been constructed for the early implementation of a bond market. Mr Jones believes the Bank

Ghana has relied on export proceeds and multilateral and bilateral aid to fund public expenditure. Government borrowing in the market has been through the sale of short-term treasury bills, the longest with a maximum maturity of only two years. Discount bouses and commercial banks have been the main buyers.

Mr Victor Selormey, deputy minister of financa, said: There is a serious bottleneck in government funding activities. We think the way forward is to issue bonds. It will help us raise large sums of money and enable us to plan our expenditure, without us having to rush into deficit financing." The move would also relieve

the central bank of the need to issue short-term treasury bills, he said, especially as there was no viable secondary market for them. "It will not reduce short-tarm borrowing completely, but it will reduce it Ghana has won the confidence of the international

donor community and agencies such as the World Bank and

Fund in recent years for not only pulling the economy out of a downward spiral, but also for introducing measures to liberalise and expand it. Gross domestic product is expected to grow by 5.5 per cent this year. In apite of such progress, international donor funding will continue to play a vital

Benchmark visid curve (%)*

years .

present level of 59 basis points.

Tomorrow, the market will

focus on the publication of the

minutes of the meeting on March 8 between Mr Kenneth

the Exchequer, and Mr Eddie

Clarks, Chancellor of

George, Governor of the

due to be published on

Bank of England, with speculation about a further

increase in base rates likely to

PSBR numbers for March are

part in government spending over the next few years. Bnt, eaya Mr Selormey, "there will come a time when donor funding will not ba enough for the things we want

Mr Ken Ofori-Atta, chairman of Databank Brokerage, a local stockbroker, said a bond market was necessary "if we are to maintain the momentum towards achieving a fullyfledged capital market". Databank plans to launch the first bond fund to coincide with the opening of the market. "This will enable retail domestic investors and international investors to get into this market easily," said Mr Ofori-Atta. News of the Isunch has been

welcomed by some interns-tional investors. Mr Koff Buck-

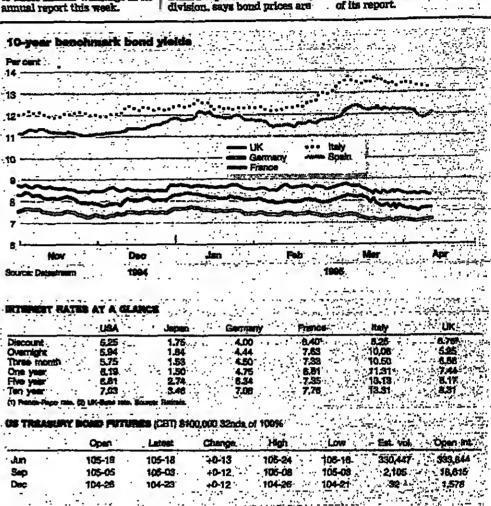
Africa at Lehman Brothers, the US investment bank, said: "It's something Tve been in favour of for a long time. If you don't have a fixed-income market you can't price long-term assets - thus you can't attract long-term money. It's the key

to pricing long-term assets." However, Mr John Taylor, Africa analyst at Morgan Grenfell, the UK merchant bank, suggested Ghana should concentrata on improving Its equity market first.
"I think they still have to

improve the structure of the market as a whole. The quality of the brokers is still poor, and the costs of trading in that market are extremely high. I also think more companies should be listed. I think moving into bonds at this stage is premature," he said.

The Ghana market is meeting some of the criticisms. Mr Amoa said more companies would be listed this year, and he referred to the impending government sale of three banks

Joel Kibazo



LYONNAISE DES EAUX 1994 : GROWTH IN RESULTS

REVENUES: FF 100 BILLION (+7%) NET INCOME : FF 1,061 MILLION (+ 32 %)

At its meeting of April 12, 1995, chaired by Mr. Jérôme Monod, the Board of Directors of Lyonnaise des Eaux reviewed the accounts for the 1994 fiscal year.

Steady growth in results

Business progression
 Sharp improvement in financial indicators
 Strengthened balance sheet

(in FF millions)	1993	1994	Change 1994/1993 + 7 %	
Revenues	93,556	99,965		
Income before exceptional items and tax	2,818	3,517	+ 25 %	
Net income (Group share)	804	1,061	+ 32 %	
Working capital provided by operations	6,002	6,787	+ 13 %	
Debt to equity	47%	45 %		

• Global growth in revenues from services which stood at FF 44 billion, representing 44 % of total revenues (practically in line with the construction sector);

 Acceleration of Group internationalization (43 % of total Group activity), particularly in the water supply sector, with a satisfactory take-off of large contracts won over the last two years (in Argentina, Malaysia and Germany) and new contracts won or currently under negotiation in China, Southeast Asia and Latin America. · Reorganization of the construction sector, with the entire Dumez-GTM civil engineering company now placed

· Significant reduction in losses borne by the property development sector : a loss of 398 million francs was

recorded, compared to 717 million in 1993; Strengthened positions in the communications sector: M6 posted good results and cable activities were

expanded, in particular with the acquisition of the Caisse des Dépôt's cable networks, making Lyonnaise des Eaux France's leading cable operator.

Shifts in Group policy: code of ethics, board sub-committees, social issues.

 Setting up of a charter redefining Group values and drawing up of codes of ethics for all Group companies. Setting up of three sub-committees within the Board of Directors: Ethics Committee, Salaries and Benefits

Further expansion of employee shareholding through company savings plans : proposal submitted to the Annual General Meeting for authorization to increase the employee shareholding in Lyonnaise des Eaux from 3 to 5 %. Signing of an agreement with French and European trade union organisations to set up a European Committee for Social Dialogue in order to promote discussion regarding the Group's economic and social activities at European level.

Members of the Board of Directors

The Board of Directors has appointed Mr Didier Pfeiffer in replace Mr Jacques Friedmann, who is resigning. The Board will propose to the Annual General Meeting that Messrs Claude Pierre-Brossolette, Jean Gandois and Jean Peyrelevade be reelected and that Mr Jacques Lagarde be elected to the Board to replace Mr Jean-Yves Haberer who has resigned. The successor to Mr Philippe Malet, who will soon become ineligible on the grounds of age, has been chosen by the Board; due to official procedures of his company, his name will only be made public in the next few days.

The Board of Directors will propose to the Annual General Meeting that the dividend be increased to FF 17.25 per share (including tax credit) as compared with FF 16.50 in 1993. Shareholders will have the option of receiving this dividend in shares.



Government bond markets

Concern grows over Sweden's health

The decision last week by Moody's, the US credit rating agency, to remove its coveted triple-A rating from Canada's domestic debt and lower the rating on Ottawa's foreign debt, has again highlighted the difficulties faced by the higheryielding government bond mar-

Ironically, the decision has come at e tima when these markets are enjoying something of a respite after a generally dismal start to the year. And it is particularly unfortunate for Canada, whose immediate prospects are viewed more favourably by the markets than those for other European high yielders such as Italy, Sweden and Spain.

Moody's reduced its ratings on Canada's domestic borrowings to AA1 from AAA and on the foreign debt to AA2 from AA1, arguing that "the level of uncertainty in forecasting the medium and long-term fiscal position of the public sector warranted the rating reduc-

Accumulated debt of the federal government and the 10 provinces has risen sharply in recent years, and now totals C\$900bn, or about 120 per cent of gross domestic product, one of the highest ratios among industrial countries.

Moody's cautioned that public-sector debt had grown to the point where any deviation from a medium-term stabilisation programme, however temporary, could have "very negative" financial conse-

However, investors in Canada's bond markets clearly take a more positive view of the country's prospects. Canada's bond yields, at 164 basis points over US Treasuries and 160

ket is rated more highly than Europe's high yleIders. Although prices dipped sharply

Differentials over the German 10-year bond

in the first three weeks of 1995 partly due to uncertainty stemming from Mexico's financial problems - they have since recovered impressively, with yields on 10-year paper falling from a high of 9.65 per cent on January 19 to 8.66 per cent last Thursday. The markets have been

impressed by the commitment of central and provincial governments to cut budget deficits; they also like signs that with elections due, a political consensus is emerging in favour of fiscal conservatism. "All parties are fighting elections on that platform. It reso-

nates with voters," says Mr Michael Dell, bond analyst with UBS. "There appears to be a fundamental shift towards more conservative economic policies Six of Canada's 10 provinces have recently announced bal-

anced 1994-95 budgets. By contrast, the markets are more concerned about Italy, Sweden and Spain. Italy has been the poorest performer of the three so far this year.

mainly reflecting currency weakness - the lira has fallen about 15 per cent against the D-Mark since the start of the year - and broader political instability. Yields on Italian 10year bonds have risen from 12.38 per cent at end-December to 13.49 per cent last Wednes-day, with the yield spread of

1995

basis points at the beginning of last month. Over the same period, Swed-ish and Spanish bonds have fared better. Even so, prices of 10-year paper have fallen, with yields rising from 11.86 to 12.05 per cent in Spain, and from 10.9 to 11.32 per cent in Swe-

tha BTP over the bund

increased to more than 600

Arguing that Italy's difficulties are reflected in the price. some analysts are more worried about prospects for Sweden and Spain. In Spain, rising inflation, and budget and political problems are all giving rise to concerns. March consumar price figures showed inflation had riseu to an annual rate of 5.1 per cent, from 4.3 per cent at the start of the year, although much of the increase is due to a rise in val-

fiscal deficit - 6.7 per cent of GDP for 1994 - is also worrying the markets. Mr Graham McDevitt, bond strategist at Paribas Capital Markets, also points to problems of supply for bond traders, with no new issues since last summer,

In Sweden, the markets shrugged off the impact of rises in the discount and lending rates by the Riksbank last week, with yields falling 7 basis points on Wednesday. But investor concern about the underlying health of the bond market is growing.

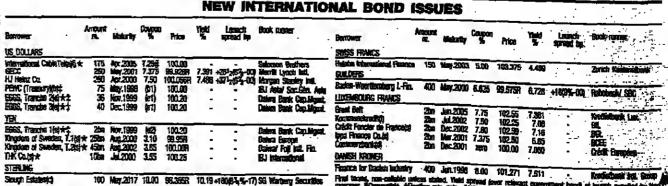
Mr McDevitt says the markets were too optimistic on fiscal and debt problems last year. "Back in the fourth quarter people were thinking the government (which came to power in September last year! was in control and ahead of the game. The market has realised It was taking too optimistic a line on the debt problem," he

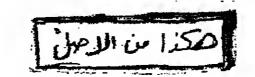
A supplementary budgat, scheduled for April 25, will provide a focus for these worries. with analysis suggesting the scale of budget cuts is unlikely to meat the SKr30bn level favoured by the markets. Some even fear the decline

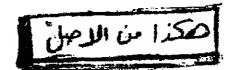
this year in the krona - which has lost 10 per cent against the DM - coupled with Sweden's relatively high external indebtedness (more than a third of government debt is denominated in overseas currencies), could make it more difficult for Sweden to service debt.

Pointing to that relationship, Mr Michael Burks, senior economist at Citibank, says that Sweden "could be trapped in a downward spiral".

Richard Lapper







EMERGING MARKETS: This Week

The Emerging Investor / Leslie Crawford

Mexico faces renewed concerns

month-long recovery in Frieda of NatWest Washington Mexican stocks was broken before Easter by a spate of profit-taking and renewed concern over ths effectiveness of the govern-

ment's economic emergency The IPC index of 37 leading shares fell by 3.5 per cent on very thin trading this week to close at 1,829 last Wednesday,

the last day of trading before the Easter break. Profit taking was expected after the steady rise of share prices since Mr Guillermo Ortiz, the finance minister, announced an austerity plan to stabilise the financial markets on March 9.

Remarks and

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The nascent confidence in Mr Ortiz' economic management was upset this week when he published ravised trada figures for February which cut the original estimate of the trade surplus by half.

The ravised surplus of \$235m, against the original \$452m estimate, suggests that Mexico is still far from achieving the balanced current account it needs to reduce its dependence ou external finance. In January, the trade account was \$530m in deficit.

It was the \$29.5bn current account deficit in 1994 - 8 per cent of gross domestic product - and a heavy dependence on short-term borrowing which triggered a crisis of confidence among foreign investors and forced the devaluation of the

The revised figures are dis-

Analysis. "They aggravate worries that the government may be massaging statistics to present an artificially rosy picture of Mexico's economic prog-

Mr Frieda doubted whether Mexico would be abla to achieve its goal of a \$6bn trade surplus this year - an average of \$500m a month - without squeezing imports further and deepening a recession which is officially forecast to lead to GDP contracting by 2 per cent in 1995.

While concern appears to have abated over Mexico's ability to honour its \$38.7bn sbort-term debt, analysts believe the economy has not yet felt the full impact of the gnvernment's severe adjust-ment programme, in which government spending has been cut by 10 per cent, taxes and public tarifs have been raised and real incomes are expected

to fall by 50 per cent in 1995. "The second quarter will be very hard on companies and individuals," predicted Ms Rosa Helena Tejado, of tha Spanish consultancy Grupo Moneda in Mexico City. "Companies have so far sought to defer costs, but inflation and the need to settle accounts with suppliers is catching up on them. Higher interest rates will also affect indebted compa-

"We do not believe that the stock market has touched bottom vet." -

Inflation, which totalled 14.54 appointing," said Mr Gene per cent in the first three

Mexico 40.000

30,000

months of 1995, is expected to rise by a further 8 per cent in April. The government believes its tight monetary policy will bring inflation under control in the second half of the year. Nevertheless, Mr Ortiz' programme has brought some stahility to Mexico's nervous

financial markets. The peso has strengthened to about 6.25 to the dollar, against 7 at the height of the financial crisis. The stock market will shortly begin trading in dollar futures, which will provide companies with a bedge against currency fluctuations and inject an element of certainty in their financial planning. In addition, soma publicly-

quoted companies are expected to do well as a result of the devaluation. Grupo Alfa, the steel, petrochemical and food conglomerate, has reported an 80 per cent increase in sales as a result of a big rise in exports

the cloud of their non-performing loans, which increased by 45 per cent in the first three months of the year and now total 80bn pesos (\$12.5bn), or 15 per cent of the banking system's total loan portfolio.

Construction companies such as ICA, Tribasa and Grupo Mexicano de Desarollo (GMD) have been the first to suffer the impact of the recession. All three built toll roads, on which traffic has plummet ted, and may face difficulties in servicing their debt obligations out of declining toll revenues.

With the exception of a few emerging market funds, foreign investors have yet to return to the Mexican market. When they do so, they are likely to be more selective than last year, when they accounted for 70 per cent of trading in

Mexican shares. Mr Deryck Maughan, chief executive officer of Solomon Brothers, told the annual convention of the Mexico City stock exchange last week that it was only a question of time before foreign capital started flowing back to Mexico. "Prices of key Mexican assets are beginning to look very attractive," he said.

Other analysts believe share prices will have to fall further hefore foreigners can he tempted back. Average price/ earnings ratios, at 17, are still thought to be high compared to other emerging markets, particularly when the perceived risks which remain attached to investing in Mexico are taken into account,

Lima SE index up

By Sally Bowen in Lima

A resounding re-election victory for president Alberto Fujimori spurred the Lima Stock Exchange index to a 7.1 per cent rise on April 10, the first day's trading following his landslide win. Both volume and turnover

■ Tunisia

has said.

foreign banks.

Cairo

An offer for shares in

Tunisia might allow resident

exchange operations on the

Tunisia Central Bank official

Currently only Tunis-based

Extracted Oils and Derivatives,

part of Egypt's privatisation

programme, has been 11 times

of demand was the highest for

The shares were offered at

Templeton Emerging Markets

fund worth more than \$150m

dedicated to Russia and two

funds worth more than \$130m

Mr Mark Mobius, president

Month on month movem

+10.32

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+6.81 +239,98

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+36.39

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of the fund, said that in the

case of India one, worth at

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Fund plans to launch an equity

any of the country's recent

privatisation offers, all of

which have seen demand

outstrip supply.

Templeton

dedicated to India.

subscribed last week. The level

offshore banks are allowed to

have forex operations with

banks to have foreign

international market, a

figures were records. Anticipating a first-round Fujimori victory, local buyers had already pushed the index np by almost 15 per cent in the five trading days preceding

the April 9 ballot. By the time the general share index had closed at 1,283on April 12, prior to the fourday Holy Week holiday, it had recovered almost all the "teqnila effect"

Unofficial figures indicate the net outflow of foreign capital from the Lima exchange was only \$30m in February. Trading levels, however, plunged to under \$5m a day and small scale selling by nervous, or needy, locals was enough to keep the index on the slide.

By March, however, investors were taking positions once again. Foreign capital inflows were positive by around \$20m for the month. Better economic fundamentals make a Mexican-style crisis unlikely in Peru, say market watchers.

World (353) ...

Latin America

Brazil (23)

Chile (13)

Peru(16)

Greece (18)

Turkey (22)

Europe (96)

Indonesia (28

Maleysia (22) Pakistan (15)

Phillippines (12) Thailand (24)

Korea (24)

Portugal (23)

Mexico (25)

Baring Securities emerging markets indices

-11,29 -0.28

-3.16 +32.52 -4.79

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News round-up least \$100m, would be an offshore fund listed in the US. The other would be a \$30m mutual fund launched in India. The Russia fund would be launched in Moscow, perhaps by late summer, and would invest in equities of Russian companies. Templeton has

recently launched a \$800m

fund for China. 📕 Taiwan

A group of 23 domestic and foreign financial institutions has set up Taiwan's first futures association. "The volatility in global economic markets increases day by day but as long as people have the concept of the risks, they can accomplish the aim of avoiding risks and managing their finance through futures. markets," the statement

■ Mexico

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The stock exchange will start trading options on 10 domestic stocks in the second half of the year and is planning to start a futures and options market. Edited by John Pitt.

Further coverage of emerging markets appears daily on the World Stock Markets page.

Year to date

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CURRENCIES Dollar still looks vulnerable Japan

The dollar looks set for further adversity this week following its failure to respond positively to the cut in Japanese interest rates and the weekend meeting of the Asia-Pacific Economic

Co-operation conference. The Bank of Japan cut its official discount rate last Friday from 1.75 per cent to 1 per cent. The impact of the move tepid economic stimplus package announced in tandem. The net effect is that with

FT GUIDE TO WORLD CURRENCIES

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ing cut interest rates in recent weeks, and the US Federal Reserve evidently content to leave policy on hold, the dollar appears to have received all the support from monetary pol-

icy that it is likely to get. Weekend talks at the APEC summit between Mr Robert Rubin, the US treasury secretary, and Mr Masayoshi Takewas undermined by the rather mura, the Japanese finance -minister, also failed to produce any convincing show of sup-port for the dollar. Their agree-Japan and Germany both bay-

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too far does not of itself, constitute a reason to buy dollars, Against that background, and with the market still bearish, the odds must favour the dollar sinking lower again, per-

haps testing Y80. Confirmation that the sentiment towards the dollar new lows against the D-Mark, remains pessimistic comes from the latest chief dealer survey conducted by the bimonthly Foreign Exchange Letter. Of the 43 chief dealers who responded to the survey, conducted at the end of March, ment that the dollar has fallen

The table below gives the lettest available tates of exchange trounded) against four key currencies on Thursday, April 13, 1985 . In some cases the rate is nominal. Market rates are the average of buying and selling rates except when they are shown to be otherwise. In some cases that rate is no some cases the rate is nominal. Market rates are the average of buying and selling rates except

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70 per cent predicted that the dollar would trade below Y85 during the second quarter. A slightly smaller portion of the sample see the dollar staying below DM1.35. More than 40 per cent of respondents see sterling and the lira falling to

year. Its operating margin has

increased from 7 to 17 per cent. Telmex's prospects still look

strong despite Merrill Lynch's

decision to cut the telecommu

nication company's rating to a

long-term neutral from above

average, which depressed

Mexico's leading stock this

week. The company has

recently introduced phone

cards in Mexico City and is reported to be selling 33,000 a

day. It has also cut interna-

tional call charges in a bid to

edge out US rivals which offer

Cifra, which owns supermar-

ket chains and retail stores, is

also expected to report good

first-quarter results, benefiting

from being cash rich and hav-

Grupo Mexico, which owns the

Cananea copper mine, will also

be basking in a peso bonanza

Bank stocks remain under

through its copper exports.

Mining companies such as

ing little corporate debt.

call-back systems.

below DM2.15 and L1.275. The focus this week for the dollar is likely to be trade; the release tomorrow of the February trade figures, and the US Japan talks on cars and car parts in Washington, both

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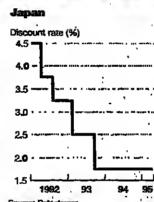
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Emerging routes:

A SEEATE OF FREER AIR

SPONSORED AMERICAN DEPOSITARY RECEIPT (ADR) FACILITY Established by For information please contact

Kenneth A. Lopian (212) 815-2084 in New York, or Michael McAuliffe (0171) 322-6336 in London, or Rainer Wunderlin (069) 97151-226. in Frankfurt.

This announcement appears as a matter of record only.

t man; (c) Official man; (f) Parallel rate (s) Tourist rate (d) Currency fixed episies the US Dollar (r) Fouting sate ; § Russia applies to states in the Rouble Zone. (i) Yugoslav Di REUTERS CLOSING SPOT RATES & Bank of America, Economics Department, London Trading Centre. Enquiries: 0171 634 4360%. To obtain a copy of this table by Fax from the Cityline survice district. Calls charged at Septembusia cheep rate, 48p/minute at of other times. Thoroday, April 13, 1905

Japan is now 10" further away. (Flight times are not affected.)

We've increased our Executive Class seat pitch to 50 inches for flights from London and Paris to Tokyo.



NOTICE OF **INTEREST RATE**

To the Holders of nco Central do Brasil New Money Bonds Due in 1999

in accordance with the provisions of the Bonds, notice is hereby given that the above Sonds will bear interest for the 1St day Imerest Period from April 1S, 1995 to October 16, 1995 at a rate pe ennum of 71/4 as catculated in accordance with the terms of the BANCO CENTRAL DO 8RASIL

Kaufhof Finance B.V.

Can\$ 100,000,000 Collared Floating Rate Notes 1993/2003 (issued under the DM 1 billion Multi-Currency Euro Medium Term Note rogramme of Kaufhof Holding AG)

The Rete of Interest applicable to the Interest Period from April 18, 1995 to July 18, 1995, inclusively, was determined to ha 7.91375 per cent per annum. Therefore, on July 17 1995, interest per Note of Can\$ 1,000 principal amount in the amount of Can\$ 19.51 and interest per Note of Can\$ 10,000 principal amount in the amount of

Can\$195.13 is due. Frankfurt am Main. April 1995

Dresdner Bank Aktiengeselischaft Calculation and Principal NEW YORK

Festivities begun over the three-day weekend may last the week as investors play catch-up with economic data released on Friday and react to a new round of strong first-quarter earnings reports.

The market opened strongly yesterday morning as traders celehrated a new sign of economic slowing in the form of a 0.3 per cent drop in industrial production for March. The news validated the strengthening

view that the Federal Reserve has finished, or nearly finished, tightening monetary policy. That sentiment, combined with a rising tide of companies reporting stronger-than-expected earnings

There could be a hit of humpiness on the market if data released this week show a hit of a rebound from recent

OTHER MARKETS

JOHANNESBURG

The market is focusing on the

March gold quarterlies this

Anglo-American and Gencor.

group Randgold, all releasing

week with heavyweights

together with the smaller

their figures for the three

writes Mark Suzman.

profit levels were still

months to the end of March,

at this time last year, when

relatively huovant, the hig

question on shareholders'

be. Squeezed between lower

However, unlike the position

minds is how bad the drop will

productivity and a depressed gold price, Gold Fields of South

Africa reported dismal results

Mines in both groups have suffered from industrial unrest

during the reporting period,

and the situation has been

holidays - all of this will

probably have resulted in

significantly reduced

looking pretty bad."

production.

exacerbated by extra public

"Its unlikely to be good news

for the gold index." says one

local broker. "Short of a spike

in the gold price, things are

Another is blunter: "We

could be looking at a train

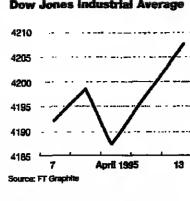
last week, and Anglo and

little different.

Gengold are expected to be

reports, should help Wall Street retain

its hullish tone for the rest of the



weakness. Economists are divided about whether March housing starts figures to be released today will be weaker or stronger than the declines posted in the first two months of the

Base rates

LONDON

threaten quiet confidence

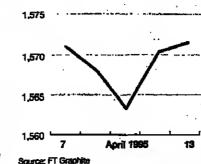
It would be a pity if the domestic retail price data, published on the eve of the Easter break, upset the confident mood among UK market analysts. The desultory trading performance in the pre-Easter week can be discounted: fund managers and marketmakers alike were simply not interested in making waves while they awaited news from Tokyo on interest rate and currency proposals.

Beneath this lethargy, traders sounded confident. The dollar's problems were being tackled. Valuations of the UK equity market continued to signal that a rally was long overdue", according to BZW.

Lack of investment cash was a problem, with BZW predicting that institutional cashflow may show a further fall to around £41bn in 1995, against its original forecasts of £51bm. But the £6bn-plus cash from Glaxo's acquisition of Wallcome would help

FT-SE-A All-Share index

Terry Byland



that problem. That prospect depends on the near-term outlook for interest rates. The March retail price numbers were stronger than the market liked, and a hike in base rates is now expected sooner rather than later. May 5, just after the local elections, has been pencilled in.

The market may have picked the wrong date, but that will not prevent base rate apprehension from holding share prices back in post-Easter trading. This does not offer it much comfort, when today it faces implications of the Japanese package.

Global share offers

Repsol deal augurs well for Portugal Telecom

The international equity high-profile advertising cam-market desperately needs some paign to encourage the Portusizzling new issues to help it break out of its deep depression. Could the forthcoming privatisation of Portugal Telecom do the trick?

The investment hanks arranging the international tranche of the Portugal Telecom sale - Merrill Lynch, UBS and S. G. Warhurg - can hardly believe their luck. After several soul-destroying months when offerings were unceremoniously withdrawn or scaled down because of poor investor demand, the market finally saw a successful deal last week. What's more, it was

The Spanish government's sale of shares in the the oil and gas group Repsol has not only brought the Iberian peninsula to the attention of international investors, it has also provided a positive backdrop for the Portuguese government's first privatisation deal since its badly-handled sale of shares in Cimpor, the country'a largest cement producer. Cimpor was a flop mainly

because of the decision to fix the issue price of the shares two months before they were floated. In the interim, the Lisbon stock market fell 15 per cent, which caused the shares to perform badly in the secondary market. As a result, the government's plans to sell a second tranche have been delayed until next year.

With Portugal Telecom, however, the government has adopted international methods. from investor roadshows to bookhuilding, to ensure a successful stock market debut for the company. Next month, it plans to sell between 25 and 30 per cent of Portugal Telecom. which was created last June through the merger of three state-run telecommunications companies.

The sale - the largest to date hy a Portuguese company - is expected to raise between \$700m and \$1.2bn equivalent, depending on market conditious. The government hopes placement of the shares will be divided equally between domestic and international investors. It has launched a

guese to move their savings out of bonds or time deposits into Portugal Telecom shares.

Equities are not widely held in Portugal, and a quick look at the recent history of the stock market explains why. Only 20 years ago the market was closed for three years after the 1974 revolution. Even after it re-opened, there was hardly any trading until 1986 when Portugal entered the European Union and the government introduced fiscal incentives to encourage privately-owned companies to seek listings.

The lack of an equity culture in Portugal – only 10 per cent of pension fund assets are in shares - means the government will probably have to rely on international investors

to get the deal away.

The task facing tha lead managers of the international tranche is to convince clients that Portugal is a viable investment alternative to Spain. No doubt, the country's sound economic fundamentals and political stability will be highlighted as the main attractions.

Portugal is enjoying its lowest inflation rate for 40 years and its unemployment rate is about one third of Spain's. The October general elections are unlikely to cause much uncertainty in the stock market, as the two main political parties share similar views on economic liberalisation and European monetary union.

Currently, the main foreign investors in Portuguese stocks are emerging market funds or dedicated country funds. However, mainstream international investors have been reluctant to get involved, as they believe Portugal still has to make the transition from an emerging market to a fully-fledged European stock market,

Until recently, foreign fund managers did not need to invest in Portugal because it was not included in any of the main indices against which their equity funds are tracked. However, last month Portugal was given a 0.4 per cent weighting in the MSCI's wider European Index of 18 countries, and it should eventually

be included in other leading

Lack of liquidity and of choice in the Portuguese stock market have also hindered foreign investment. The average daily volume is between \$5m and \$10m equivalent, and only 30 per cent of the stock market which is capitalised at \$18bn

can be freely traded. Analysts helieve the stock market will probably grow by another \$10bn-\$12bn over the next three to four years as most state-owned companies are privatised. In the near term, the flotation of Portugal Telecom will add variety to the market, which is dominated by

Portugal's under-developed economy is one of the main attractions for investing in Portugal Telecom, analysts say. For example, telephone density in the country is 35 lines per 100 households, below the European Union average of 45 lines. The gap is expected to narrow over the next two

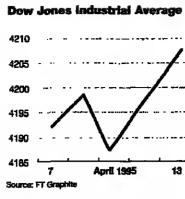
However, analysts also warn that Portugal Telecom's growth potential should be balanced against the pressure on profit margins likely to emerge in the coming years. When the domestic telecom market is opened to competition in or before 2003, Portugal Telecom will be forced to lower tariffs, which are judged high by inter-national standards.

Bankers involved in the deal stress that the shares must be realistically priced so that they can perform well in the secondary market. A successful offering would also further improve sentiment in the primary equity market.

The Portuguese government would do well to keep this in mind when it sets a price floor for shares in Portugal Telecom later this month.

If it is too amhitious, the offering could well flounder, hecause in recent months international investors have made it clear that they aren't prepared to pay up. A high price would also spoil the government's chances of making an early return to the market.

Antonia Sharpe



Lisa Bransten

Particularly troubling could be a rebound in the data on husiness activity for April collected by the Federal Reserve Bank of Philadelphia. Mr Bill Sharp of securities house Smith Barney helieves the index will edge higher, to 5.0, in April, above the 3.3 recorded in March but well below the 30.4 peak last October.

wreck." The only hright spot is

that the poor results are

FRANKFURT

on a Sunday.

almost certain to put extra

pressure on the government

and unions to allow hlasting

The strength of the D-Mark

against the dollar during the first quarter of 1995 has been

having a significant effect on

although underperformance of

has been relatively mild, writes

With most brokers taking an

the Dax index so far this year

the German equity market,

ZURICH

lower-than-expected 1994 results on Thursday and, for the first time, the meeting will be conducted in English in the hope of raising the company's profile among foreign analysts, and ultimately foreign investors. Mr Frederick Hasslauer at Bank Sal Oppenheim in Zurich is non-core husinesses and its plans to turn around flight

underweight position in the market, much depends on what happens to the D-Mark over the next few months as to whether corporate earnings will be good, bad or indifferent. Should the currency not weaken, a scenario many year, in the face of the analysts think unlikely, then there would undoubtedly be a weakness in ticket prices. Meanwhile, first-quarter loss of compentiveness among the country's hig companies. A sales figures are also expected

1996 as well. in a quiet week for corporate news, Daimler-Benz holds its annual news conference and Henkel, its balance sheet press conference tomorrow.

further round of restructuring.

including staff cuts, could then

follow, making an impact on

earnings for 1995 and probably

Swissair holds its annual press conference on the

looking for more information about the airline's strategy in operations, a heavy lossmaker in recent years. Analysts will also be hoping for more information about Swissair's planned acquisition of Sabena, the Belgian airline. Swissair struggled to a SFr23m (\$20m) consolidated net profit last strength of the Swiss franc and

from two of the hig three pharmaceuticals groups on Thursday, but these are unlikely to be enough to wake a generally sleepy market. Mrs Birgit Kulhoff at UBS expects the strength of the Swiss franc since the start of the year against the dollar, yen and the European currencles will

depress sales figures hy about 8 per cent. Thus, a 7 per cent rise in foreign currency sales hy Ciba will translate as a 1 per cent decline in Swiss franc terms. Sandoz, benefiting from consolidation of the Gerber acquisition, is likely to see a 19 per cent rise in foreign currency sales, which will translate to a 12 per cent rise in Swiss franc terms.

News of last week's draft

accord between the

political landscape.

MILAN

government and trades unions on pension reform gave a welcome boost to insurance and banking stocks, on expectations that both sectors would receive a substantial boost from the widespread introduction of private pension schemes. Optimists may be hoping that at least some of the momentum will be maintained in the coming week; realists point to a virtual absence of liquidity, with domestic investors already fully invested and foreigners deterred by currency considerations. Instead, a quiet week is in prospect in the run up to next Sunday's all-important regional elections, which could give an indication of the future

going to the hard left parties. That would suggest the country will have to wait until October before it can expect to go to the polls in a general Meanwhile, the preliminary

Mr Paolo Gambarini at Smith

New Court, however, expects

an inconclusive outcome, with

both the Berlusconi coalition

and the Left each taking 45

per cent of the vote and

the remaining 10 per cent

estimate of consumer prices for April will be released on Friday, It is expected to show further increase in the headline annual inflation rate, to between 5.1 and 5.2 per cent, reflecting recent indirect tax

TOKYO

The market will be keeping a close watch for signs that Friday's package of stimulus measures, including an interest rate cut. is having an effect on the yea's strength. Unless the effect is marked, most observers expect the market to weaken further. writes Bethan Hutton.

Few important economic statistics are due, so it is likely the currency markets will continue to be the main factor in market movements. Compiled by Michael Morgan



Europatriel S.A., Siege Sprei, 111 metus Kleber, 75116 Paris, France, Capital 8, 887 918,330 RCS; Paris B 334 192 408

NOTICES OF MEETINGS

These notices are to holders of Units in bearer form and, for information only, to holders of bearer Warrants.

EUROTUNNEL P.L.C.

Notice is hereby given that the Annual General Meeting of Eurotunnel P.L.C. will be held at the Westminster Central Hall, Storey's Gate, London SW1H 9NH on 31 May at 3pm (London Time) for the following purposes:

1 To receive the Directors' Report and the audited accounts.

2. To re-elect 2s a Director R Lion.

3. To re-elect as a Director D Child.

4. To re-elect as a Director B Thiolon. 5. To re-appoint the Auditors

6. To fix the remuneration of the Auditors. 7. Authority to increase the share capital to £414,500,000.

5. Authority to the Directors to allot relevant securities up to an

aggregate nominal amount of £16.748.824.

9. Disapplication of statutory pre-emption rights for the purposes of the proposed issue of equity securities to the banks which increased their commitment under the 1990 Revised Credit Agreement.

10. Disapplication of statutory pre-emption rights for the purposes of the proposed issue of equity securities to Swiss Bank Corporate

11. To amend the Articles of Association.*

("Special Resolution)

EUROTUNNEL S.A.

Notice is hereby given that the Combined General Meeting of Eurotunnel S.A. will be held on 19 May 1995 at 112 avenue Kleber, 75016 Paris at 9.30 am 1Paris time), and, in the event that a quorum is not obtained the adjourced meeting will be held on 31 May 1995 as soon as the Annual General Meeting of Eurotunnel P.L.C. commencing at 3.00pm (London time) to be held on the same day and at the same place, shall have ended or been adjourned, for the following purposes:

RESDLUTIONS 1. To approve the annual accounts for the year ended 31 December 1994

2. To make an appropriation to profit and loss. 3. To approve the contracts listed in the Special Report of the Commissoires

omptes drawn up in accordance with article 101 and 103 of the law of 24 July 1966 on commercial companies.

4. To re-clect A Benard as a Director. 5. To re-elect G C Chazot as a Director.

6. To re-elect D Child as a Director.

7. To re-elect J Foulds as a Director.

8. To re-elect R Lion as a Director. 9. To re-elect R Malpas as a Director. 10. To re-elect Sir Alastair Morton as a Director.

11. To re-elect P Ponsolle as a Director. and to grant a discharge to the Directors and Commissaires aux. Comptes.

12. To re-elect B Thiolon as a Director. 13. To re-elect Lord Tugendhat as a Director.

14. To authorise the Directors to increase the share capital in a nominal amount not exceeding FRF 306,220,580 by issuing shares to Swiss Bank Corporation, shareholders waiving their preferential rights.

15. To authorise the Directors to allot warrants to certain banks which increased their commitment under the 1990 Revised Credit Agreement and to increase the share capital of the Company in a nominal amount not exceeding FRF 91.960.500 by issuing shares resulting from the exercise of such warrants, shareholders waiving their preferential rights.

16. Harmonisation of the Statuts with the provisions of French company law No 94-679 of S August 1994. 17. Delegation of powers for the completion of formalities.

INSTRUCTIONS FOR ATTENDANCE AND VOTING FOR HDLDERS DF BEARER UNITS.

If you intend to attend the meetings in person or to vate by post or by proxy, you must immobilise your Units at least 5 days before the meetings by notifying the bank or other institution through which your Units are held of your intention to attend and for vote. If you hold certificates in respect of your Bearer Units, the certificates themselves must be deposited for immobilisation with one of the banks listed below at least 5 days before the or your search count the certaining the meetings, you must also obtain from the relevant bank a certificate evidencing such immobilisation which, if you are attending the meetings in person or by proxy, you or your representative must bring to the meetings.

If you intend in attend the meetings in person, you should request an Admission Card through the bank or other institution through which your Units are held. If requested in sufficient time, you should receive your Admission Card before the meetings, in which case please bring it with you. If you are need. If requested in sufficient time, you should receive your Augustion Card Getore the meetings, in which case please firms it with you. If you do not, you may still attend the meetings provided that your Units have been immobilised and you bring with you suitable evidence of your identity and of the immobilisation of your Units.

17 you do not intend to attend the meetings in person, you may exercise your voting rights by using the combined proxy and postal voting form. Copies of proxy and postal voting forms and other documents including the full text of the resolutions to be put to the Meetings sent to registered

Unitholders in connection with the Meetings may be be obtained from: English Language - Royal Bank Of Scotland Plc. Registrar's Department, PO Box 39, Caxton House, Redcliffe Way, Bristol, BS99 7ZF, England (by post) English Language - Royal Bank Of Southand Fig. Registral 5 Department, FO Box 37, Carton Flours, Registral way, Bristol, 8599 FZF, England (by post)

Salomon Brojhers Inc., One New York Plaza, New York New York 10004 - Citibank, III Wall Street. New York New York 10043 - The Nomma
Securities Company Limited, 1-9-1 Nihombashi, I Chuo-ku, Tokyo 103, Japan - Enskilda Fondkommission, Norrlandsgatan 15, PO Box 16067,

Stockholm 10332, Sweden (available for collection). Formulaires en français - 1par courrier! Banque Indosucz, 96 boulevard Houssman, 75008 Paris, France - Banque Internationale à Luxembourg. Pormatsires en trançais - Ipar courrett nauque minosoca, se noncezan montagne, reconstitues, relicio en nauque internationale a Luxembourg. 2 boulevard Royal 2953, Luxembourg - Général de Banque, Montagne du Parc, B-1000 Bruxelles, Belgique et Banque Indosuez Belgique; 40 rue des Colonies, 1000 Bruxelles, Belgique,

member entitled to attend and vote at the meetings may appoint a proxy to artend and, on a poll, to vote on his/her behalf. To vote at the meeting of Eurolunnel P.L.C. a proxy need not be a member of the Company. To vote at the meeting of Eurotunnel S.A., a proxy must be the spouse of the Unitholder or any other Unitholder.

By Order of the Board

The Board of Directors



The Long-Term Credit Bank of Japan, Limited **LTCB International Limited**

NOTICE OF CHANGE OF ADDRESS

Notice is hereby given that with effect from 18th April, 1995 The Long-Term Credit Bank of Japan, Limited and LTCB International Limited are returning to their former premises at 55 Bishopsgate, London.

Details for each company are as follows:

The Long-Term Credit Bank of Japan, Limited (London Branch)

Notice is hereby given to the holders and agents of all Bond and Note issues in which The Long-Term Credit Bank of Japan, Limited is acting as Fiscal Agent, Principal Paying Agent, Agent Bank, Replacement Agent, Paying Agent, Conversion or Warrant Agent, and Process Agent, The Long-Term Credit Bank of Japan, Limited is relocating to:

55 Bishopsgate **London EC2N 3AX**

Telephone: (0171) 628-5111 Telex: 885305 (LTCBLD G)

Facsimile: (0171) 814-9855 Swift Code: LTCB GB 22

LTCB International Limited

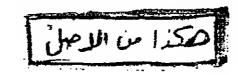
Notice is hereby given to the holders and agents of all Bond and Note issues in which LTCB International Limited is acting as Process Agent and/or to all Swap Counterparties. LTCB International Limited is relocating to:

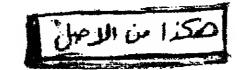
55 Bishopsgate London EC2N 3AN

Telephone: (0171) 628-2111

Facsimile: (0171) 814-9888

Telex: 892579 (LTCINT G)





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10.00

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Pril

THE WEEK AHEAD

DIVIDEND & INTEREST PAYMENTS

■ YESTERDAY General Electric \$0.0575 Quaker Oats \$0.285 St. Paul Co's \$0.40 STB Fin Cayman Sb Fxd/FRN A '03 \$3437.5 TECO Elect & Mach 2.75% Bd

TODAY Alled Lon Props 5%% Cv Pf 2.875 Boddington 5.69p BP Fin Australia 8%% Bd '98 \$418.75 Brad & Bingley Bldg Scty FRN '99 £163.61 BZW Conv Inv Tat Eq Ind Un Ln '96-2002 1.89p Conversion 91/296 '05 24.75 Du Pont 81/2% Nts '96 \$85.0 .Echlin \$0.205 Edinburgh Fd Mgrs 16p

Edinburgh inc Tst 1p Ericsson (LM) 734% Bd '97 \$77.50 -Fluor \$0.15 Forte FRN '98 £1827.40 Hanson 10% Bd '06-£500.0 Hydro-Quebec 10.50% Db. HX July 25 '01 C\$52.50 Do 11.25% Db, Ser HV Apl 17

UK COMPANIES

COMPANY MEETINGS:

Trust, Temple Court, 11,

Thornton Pan-European

Street, E.C., 12.00

BOARD MEETINGS:

Five Oaks Invs

Upton & Southern

TOMORROW COMPANY MEETINGS:

Finals:

Arlen

Interims:

Queen Victoria Street, E.C.,

Regina, 2a, Alexander Grove, Finchley, N., 11.30

Trust, Swan House, 33, Queen

Dares Estates, The Great

Eastern Hotel, Liverpool Street,

Group Development Capital

E TODAY

E.C., 12.00

12.00

'01 £112.50 Do FRN '99 \$15.80 ICI 9%% Bd '05 297.50 Do 10% Bd '03 2100.0 Jasmine B FR Secd Nts '03 Y1658437.0 JDC FRN '96 \$316.44 Do FRN '97 \$316.44 Kobe Steel 2.65% Bd '98 Y265000.0 Do 3% Bd '99 Y300000.0 Do.3.2% Bd 2000 Y320000.0 MEPC 9%% Bd :04 £98.75 Do 1014% '03 £102.50 Nat West Bank 9% Pf Ser A

Do Diir Pf Ser A \$0,532 Do Diir Pf Ser B \$0,4375 Nissho Iwai 6.4% Bd '97 Y640000.0 Norway 71/4% Nts '97 \$362.50 Nova Scotia (Prov) 11%% Ln '19 £5.875 Sanwa Aust Fin Fitg/Fxd Rate

Nts '04 \$3242.08 Scottish Am Inv Eq Ind Un Ln '04 1.89p Shandwick 0.87p SmithKline Beecham 3.9p SmithKline Beecham /SmithKl Beck Units \$0.07746 Wellington Underwriting 0.6p

Wills 0.115p ■ TOMORROW '96 £167.88 BP Dvl Australia 111/4% Bd '01

£112.50 · Dixons 11% Bd Apl '95 £110.0 High-Point 0.5p Lonrho Fin FRN '97 \$185.94 Mersey Docks & Harbour 7.2p Metal Bulletin 8p Redrow Grp 1.05p Wells Fargo FR Sb Nts July '97 \$160.94

THURSDAY APRIL 20

Amstrad 1p Asda 10%% Bd '10 £1087.50 Bayer AG DM13 Budgens 5% Cv Un Ln '03 \$2.50 BZW Conv Inv Tst 1.5p Continental Foods 1p Dixons Fin FRN '97 \$3317.71 Euro Economic Community 10%% Nts '95 ECU106.25 Geni Motors Acc Nts Mar 20 2000 941.67 Glaxo \$0.39 slington 11.9% Red '17 £5.95 Leslie Wise 2.5p

Linx Printing Tech 0.7p

Lon & Overseas Freighters

Ground, St. Johns Woods,

Virtuality, Stakis Leicester

Wickes, 19-21, Mortimer

Street, W., 11.00

Brown & Jackson

Eyecare Products

Havelock Europa

House of Fraser

Jackson Grp

Linton Park

Mirror Grp

Albert, Fisher

FRIDAY APRIL 21 COMPANY MEETINGS:

Westminster, S.W.,

Alliance Tst, Meadow House,

64, Reform Street, Dundee,

BBA Grp, Queen Elizabeth f

Baillie Gifford Shin Nipport, 1,

Bedford (Wm), The Merchants

Hall, 48, Essex Road, Islington,

Rutland Court, Edinburgh,

Centregold

Tullow Oil

Interims:

12.30

11.30

12.30

N. 4.00

BOARD MEETINGS:

Hotel, Braunstone, Leicester,

Computerised Fin Solutions

N.W., 12.00

2.00

Finals:

Ibstock.

Travis Perkins, Lords Cricket

\$0.0025 Northern Rock Bldg Scty FRN Serco Group 2,75p Yokohama Fin Cayman Sb FRN '05 Y904166.0

FRIDAY APRIL 21

Do 'A (Res Vtg) 0.7p BBL Inti FRN '99 \$148.51 Close Bros 2.9p Commonwealth Bk Aust Und Cap Nts \$297.01 Crest Nicholson 1.4p Eurocamp 6.9p For & Colonial Enterprise Tst Had Eng 3.775o Henderson EuroTrust 1.50 Kershaw (A) 120.0p Latin Am Extre Yield \$0.18 Malvern UK Index Tst 2.4p Merivale Moore 1.25p Murray Inc Tst 2.42p Pacific Assets Tst 1.3p

Debt Conversion Bond Series L. due April 15, 2012 Discount Band Series 21, and YL due April 15, 2024 El Sories L Bonds due April 15, 2006 For the Interest Parlod April 18, 1995 to October 18, 1995 the following Rases have been determined with interest payable on the relevant interest payment dass. Oca 1985 an follows:

Republica Federativa do Brasil

Phone in Series DL due April 15, 2004

New Money Series L and U due April 15, 2009

1985 an formere:
Phase in Series DL
4 705% per armum, Interest amount due
U.S. \$36 44 per U.S. \$1,538.00. Alexander Hidgs 0.7p Debt Conversion Bond Series L.
7.3725% per arrusm. Interest strictural class
U.S. 456 77 per U.S. \$10,000
New Money Series L and U.S. \$56.77 per U.S. \$10,000
U.S. \$56.77 per U.S. \$10,000 Discount Bond Series ZI, and YI, 7.25% per annum, Interest a U.S \$36.45 per U.S. \$1,000. 7.25% per arvsum, interest U.S. \$36.45 per U.S. \$1,000. By: The Chase Manbattati Bank, N.A. London, Agent Bank April 16, 1995

Petaling Tin Bhd \$0.03 TR Pacific Inv Tst 0.175p TSB Group 10%% Sb Ln '08 5.3125p Treasury IL 4%% '04 £2.3343 Walker (Thomas) 0.18p

Gartmore Emerging Pacific

16-18, Monument Street, E.C.,

Inv Tst, Gartmore House,

Relyon Grp, Station Mills,

Wellington, Somerset, 12.00

Seafield Resources, RAC

Club. Pall Mall, S.W., 11.30

TDS Circuits, Whitebirk Estate, Bleckburn, Lancashire,

Transport Development Grp,

North Atlantic Small Co's Tst

SATURDAY APRIL 22

Victualic, The Weatherby

Company meetings are annual

COMPANY MEETINGS:

general meetings unless

Please note: Reports and

accounts are not normally

available until six weeks after

the board meeting to approve

Centre, Bigglesfield,

Bedfordshire, 11,00

otherwise stated.

Church House Conference

Centre, Westminster, S.W.,

BOARD MEETINGS:

12.30

12 00

Finals:

Ruffers

How Gro

Interims

Slingsby (HC)

Lowland Inv

CARIPLO-Cassa di Risparmio delle Provincie Lombarde S.p.A. Hotel, Bath Road, Hayes, 10.30 Britton Grp, The Grosvenor Hotel, Buckingham Palace London Branch n accordance with the provisions of Road, Victoria, S.W., 10.15

the Depositary Receipts, notice hereby given that the Rate of Inte for the six month period ending 13th October, 1995 has been fixed at 6.5% per annum. The interest accruing for such six month period will be U.S. \$330.42 per U.S. \$10,000 Note and U.S. \$3,304.17 per U.S. \$100,000 Note against presentation of Coupon No. 7. Union Bank of Switzerland London Branch Agent Bank 11th April, 1995

U.S. \$200,000,000

issued by The Low Debenture Trust Corporation p.l.c. evidencing entialement to payment of principal and interest on

sits in an aggregate principal a of U.S. \$200,000,000 with

CARIPLO

Floating Rate Deposits Receipts Due 1997



US\$100,000,000 Subordinated collared

floating rate notes 2005 For the period 18 April 1995 to 18 October 1995 the notes will bear interest at 6.1875% per annum. Interest payable on 18 October 1995 will amount to US\$31.45 per US\$1,000, US\$314.53 per US\$10,000 and US\$7,863,28 per COSLOU, DUL HOLE.

Agent: Morgan Guaranty Trust Company JPMorgan

NOTICE

TO SHAREHOLDERS IN STORA KOPPARBERGS BERGSLAGS AKTIEBOLAG

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON TUESDAY, MAY 9, 1995, AT 4 P.M. AT THE LUGNET SPORTS CENTER IN FALUN, SWEDEN.

NOTIFICATION

To be entitled to participate in the Meeting, shareholders must:

 be recorded in the Company's share register no later than Friday, April 28, 1995 notify that they intend to participate in the Meeting no later than 4.30 p.m., Thursday,

Notification of participation can be made by telephone: +46 (0) 23-78 25 61, or 78 21 72, by telefac +46 (0) 23-78 27 44, or by mail to STORA, S-791 80 Folun, Sweden. The STORA share register is maintained by the Swedish Securities Register Center (VPC AB).

Shareholders in STORA are either registered as owners or through a trustee. Only shareholders registered as owners are entitled to participate in the Meeting. Shareholders whose shares are deposited with the trustee department of a bank, or with a brokerage firm, are entitled to register the shares in the name of the trustee. However, to be entitled to participate in the Meeting, shareholders whose shares are held in the name of a trustee must register the shares in their own name. To ensure that shares can be registered in the name of

the owner in time, shareholders whose shares are held in the name of a trustee, bank or broker, must

AGENDA

The matters addressed at the Meeting will conform to the Company's Articles of Association and the Swedish Companies Act. In addition, it has been proposed that the following changes be made in the Company's Articles of Association:

The Company shall be a public company (publ). (Change in §1).

The Company shall implement o 5:1 share split, requiring changes in §5 and §6.

request to have them registered in their own names prior to April 28, 1995.

In addition, a shareholder has raised a point for discussion regarding the transportation of wood on the Fryksdolsbanan.

It is proposed by shareholders representing approximately 35% of the total voting rights that the Board be comprised of the following loll re-elections:

Polle Marcus Bo Bergaren Jacob Wolfenberg Håkon Mogren Claes Dahlbäck Björn Svedberg Sven Söderberg Lors Eggertz Lars-Åke Helgesson Tom Wachtmeister

The current Board member, Niclas Silfverschiöld, has declined re-election. The following Auditors have been proposed (all re-elections):

Caj Nackstad, with Sten Lundvoll as personal deputy

Olof Herolf, with Lars G, Eklund os personal deputy.

DIVIDEND PROPOSAL

The Board of Directors proposes that a dividend of SEK 10 per share (prior to the split) be paid for the 1994 fiscal year and that May 12, 1995 be approved as the record date. If the Annual General Meeting approves the above proposal, it is expected that dividends can be distributed by the Swedish Securilles Register Center (VPC AB) on May 19, 1995.

Falur, Sweden, April, 1995 **Board of Directors**



Anglo & Overseas Tst, 23, Great Winchester Street, E.C., 11.30 Burmah Castrol, Balmoral Hotel, Princes Street, Edinburgh, 11.30 Crockfords, Smith New Court, Farringdon Road, E.C., 12.00 Laporte, Painters' Hall, 9, Little Trinity Lane, E.C. 12:00 Pacific Assets Trust, One Charlotte Square, Edinburgh, Provident Financial, Noriolk Gardens, Tunber Gardens Hotel, Bradford, 12.00 Kent, 3.00

COMMODITIES PRICES

IN HIGH GRADE COPPER (COMEX) ...

PRECIOUS METALS

394.1

457.3

Apr Jul Oct Jan Total

■ GOLD COMEX (100 Troy oz.; \$/troy oz.)

| Day's | Day | Open | | Open | | | Open | | | Open | | | Open | | Open | | Open | Ope

132.70 +0.45 133.60 131.60 10.827 131.00 +0.60 416 129.20 +0.45 130.00 128.50 3,748

394.0 392.0

+4.2 401.0 397.5 23,068 +4.2 403.5 401.5 6,838 +4.2 406.0 405.2 15,610

+6.2 458.0 458.0 168 +6.2 458.8 454.5 19.971 +6.2 458.5 459.5 3,445 +6.2 460.0 460.0 1,469

397.4 401.0

PLATINUM NYMEX (50 Troy oz.; \$/troy oz.)

PALLADIUM NYMEX (100 Troy oz.; \$/troy oz.)

176.40 +2.25 178.50 174.75 8,304 178.15 +2.25 177.76 177.00 843 179.40 +2.25 179.50 179.50 181

+2.25 177.76 177.00 +2.25 179.50 179.50

571.9 +34.2 568.0 554.0 23 20 572.5 +34.3 576.0 554.0 51,823 15,037 578.9 +34.8 562.0 562.5 23,007 2,216 584.3 +34.8 565.0 568.0 9,439 2,067

M SILVER COMEX (100 Troy az.; \$/troy az.)

393.7 94.911 18.907 397.5 23.068 889. 401.5 6,838 25 405.2 15,910 705

25,118 1,480

2,271 15,019

BASE METALS

Reed International, Four Seasons Hotel, Hamilton Place, W., 11.30 Telegraph, One Canada Square, Canary Wharf, E. 11.00 **BOARD MEETINGS:**

Boot (Henry) IFG Gro Oriel Gro River & Mercantile Geared Cap Smurfit (Jefferson) Toye

Interims:

THURSDAY APRIL 20 COMPANY MEETINGS: Crest Nicholson, Runnymede Hotel, Windsor Road, Egham, Surrey, 12.00 Hall Eng, Telford Moat House, Forgegate, Telford Centre, Telford, 10.30 Leslie Wise, 33, Great Portland Street, W., 11.00 Malvern UK Index Tst, Hobart House, Grosvenor Place, W.,

12.00 Royal Insurance, Chartered Insurance Institute, Aldermanbury, E.C., 11.30 St. Andrews Trust, Saltire Court, 20, Castle Terrace, Edinburgh, 12,30. Sedgwick, The Summit Centre, E., 12.00 Singapore Para Rubber Estates, 3, Clanricarde Gardens, Tunbridge Wells,

CRUDE OIL NYMEX (42,000 US galls, \$/barrel)

Low

19.43 49,957 61,077 19.36 93,470 54,206

19.18 49,214 21,738

19.03 28.558 5,409

18.85 17,396 3,837 18.72 12,767 2,818

50.60 49.45 28.829 17,744 50.65 49.55 23,915 16,999 50.95 50.10 19,273 3,098

50.10 19,273 50.50 8,354

1.685 1.625 23,536 1.745 1.720 20,532 1.780 1.750 17,170 1.760 1.760 14,255 1.625 23,536 7,998 1.720 20,632 5,580

Figh Low let

364,356157,009

832

3,820 515

0 14,114 1,278 0 10,270 431 153,139 21,309 1,770 14,114

Yel

8,762 3,556 1,742 173 26

76,735 12,172

61.25 30.274 17.576

58.55 21,695 58.90 11,835 58.10 5,802 67.10 3,017

55.40 1.873

+0.75 20.00 +0.81 19.97 +0.72 19.66

+0.63

+1.41 +1.52 +1.02

+1.37

1.655 +0.036 1.738 +0.026

1.780 +0.029

NYMEX (42,000 US galle.; c/US galle.)

62.40 +1.96 52.75 61.25 60.90 +1.93 61.20 58.55 59.60 +1.70 69.95 58.90 68.50 +1.35 58.90 58.10 57.50 +1.08 57.50 67.10

E UNITEADED GASCLINE

MBNA Securities plc

Subordinated Guaranteed

Notice is hereby given that for the interest period 11 April

1995 to 11 July 1995 the notes

will carry an interest rate of

7.6146% per annum, Interest

payable on 11 July 1995 will

Agent: Morgan Guaranty

mount to \$4,746.09 per

Trust Company

JPMorgan

Floating Rate Notes

\$2,000,000

due 2005

\$250,000 note.

19.13 +0.64 18.82 +0.54

19.68

19.40 19.14 18.95

III HEATING OR, NYMEX (42,000 US gain; c/US gails.)

E HATURAL GAS NYMEX (10,000 months; \$4mm8bz)

price

ENERGY

May Jun Jul Jul Aug Sep Oct Total

Jian Joi Ang Sep Oct Total

Brent Intl, Sheraton Skyline the preliminary results.

GRAINS AND OIL SEEDS SOFTS WHEAT CET (5,000bs min; censs/60to bushel) M COCOA CSCE (10 tonnes; \$/tonnes) 1315 1322 1341 1375 1403 1314 1318 1340 1373 1304 12,660 7,492 1312 36,74011,610 1335 11,970 2,713 July Sep Dec Mar May Total 1370 1400 58,999 15,104 M COCOA (ICCO) (SDR's/tonne)

MAIZE CBT (5,000 bu min; cents/56to bushel) July July Sop Doc Nav May Tutal -1/6 247/0 244/4 77,680 39,041 245/U April 12 Daily -1/5 253/6 251/0123.626 55.188 -1/6 257/6 255/2 23,807 4,595 -1/4 262/0 259/0 114,798 30,553 -1/6 268/2 265/6 11,564 484 -1/4 272/9 279/2 761 32 265/6 270/4 E SOYABEANS CET 6,000bu min; conta/60% bushell

-1/0 577/4 573/2 30,517 12,479
-1/0 589/2 584/4 56,427 31,152
-1/6 584/0 589/4 8,100 1,198
-2/4 596/6 592/0 4,484 775
-2/6 803/6 598/0 35,964 11,894
-3/4 611/0 606/4 2,510 182
144,881 57,909 M SOYABEAN OIL CST (60,000lbs: cents/lb) 25.65 -0.01 25.80 25.52 22.504 9.051 25.31 -0.01 25.40 25.21 23.400 17,123 25.27 -0.03 25.36 25.20 8,860 2,613 25.22 +0.02 25.30 25.15 73.54 10.25 25.12 +0.02 25.30 25.15 73.54 40.5 24.94 +0.02 24.96 24.85 14.245 3,251 89,943 34,155

May Joi Ang Sep Oct Doc Total M SOYABEAN MEAL CET (100 tone; \$/ton) -0.7 167.7 156.1 26.725 10.705 -0.9 172.7 171.0 38.242 15.727 -0.5 174.5 173.0 8.973 1,203 -0.7 176.5 176.2 6,820 814 -0.8 178.1 178.3 12,027 358 -0.8 161.4 179.5 921 1,807 May Jul Aug Sup Oct Dec Total 166.7 171.8 173.7 175.5 177.0

Vol

8,975 5.990 186 78,094 22,579 Prov. day 903.84 E COFFEE 'C' CSCE (\$7,500lbs; cants/lbs)

184.30 +1.65 165.45 161.55 8,273 5,781 168.35 +1.75 167.45 163.00 11,829 4,825 167.80 +2.00 188.59 164.60 8,633 1,361 168.25 +2.15 168.00 165.30 5,527 512 168.25 +2.15 168.00 165.50 1,832 470 168.25 +2.15 58 22 34,012 12,991 E COFFEE (ICO) (US cents/pound) Prov. day 156.99

April 12 Price Prov. de Comp. delty 158.85 158.9 15 day average 156.99 157.2 III SUGAR "11" CSCE (112,000lbs; conca/bo) 157.24 12.60 -0.05 12.95 12.42 42.26015,428 11.41 -0.33 11.90 11.32 54,46116,663 10.84 -0.35 11.30 10.77 34,752 4,865 10.65 -0.31 11.08 10.60 17,929 4,038 Oct Mar May Jul 10.60 17,929 4,038 10.45 4,686 290 10.35 4,686 73 E COTTON NYCE (50,000lbs; cents/lbs)

110.22 -2.00 113.20 110.22 7,438 4,811 -200 10-20 10-25 18-43-10-36 -200 10-400 102-15 18-43-10-364 -200 82-80 81.58 7.791 976 -1.62 78.10 76-80 25-354 2.792 -1.48 78.10 77-80 7.245 206 -1.30 78.77 78.90 2.318 27 ■ ORANGE JUICE NYCE (15,000lbs; cents/lbs) 112.00 -1.45 113.60 110.55 R.615 1 920 118.25 +1.70 118.00 114.75 19.195 13.25 118.90 +0.50 120.40 118.00 6.987 494 113.80 +1.30 114.20 113.50 2.047 67 114.45 +0.20 114.80 114.25 2.614 420 116.45 +0.25 116.50 115.50 614

Softs continued

MEAT AND LIVESTOCK E LIVE CATTLE CME (40,000lbs; cents/lbs)

 Set2
 Day's price change High Low lat
 Open lat
 Vol

 66.650
 -0.950
 67.300
 66.525
 9,601
 2,442
 60.500 -0.576 82.100 61.400 31,255 50.850 +0.050 60.200 59.550 11,729 61.325 - 61.800 61.100 7,406 63.250 -0.050 63.600 63.050 3,675 64.250 -0.25 64.500 64.100 2,473 67.018 67,018 10,309 E LIVE HOGS CME (40,000lbs; cents/lbs)

38.050 - 38.400 37.850 980 44.275 -0.075 44.858 44.100 12.857 43.475 -0.200 43.575 43.250 4,629 43.25 -0.075 40.550 40.250 3,443 41.150 +0.125 41.400 41.100 3,549 Apr Juni Ang Oct Doc Feb Total 1,109 21 27,183 3,805 41.825 +0.175 41.950 41.800

PORK BELLIES CME (40,000fbs; cents/fbs) 41,876 -0.050 42,700 41,150 2,836 41,300 -0.425 42,400 41,200 2,888 30,050 -0.225 40,200 30,050 789 51,500 40,050 51,000 51,000 163 50,550 +0.250 51,000 50,000 18 807 528 121 15 0 50.300 6,715 1,481

ATAG SMUJON Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CST, NYCE, CME and CSCE are one day in arreers. EURO DISNEY S.C.A.

NOTICE OF CONVOCATION

In view of the fact that there was not a quorum during the general meeting of the owners of convertible honds 6.75% June 1991 convened on April 10th, 1995, the owners of convertible bonds constituting the Loan of FF 3,969,000,000 of the Company are invited to reattend a general meeting on April 25th, 1995 at 9:00 am at the registered office of the BANQUE NATIONALE DE PARIS - 1-3, rue Laffitte, 75009 Paris in Room nº 217 in order to consider the following

AGENDA

Approval of the decision of the Shareholders' Combined General Meeting on March 14th, 1995, taken under the Six-teenth resolution, authorizing the Gérant of the Company, in accordance with authorizations given under the Fifteenth resolution approved during said general meeting. IO proceed with the issuance, without shareholders' preferential subscription rights, of shares of the Company, of warrants giving right to subscribe shares of the Company and of other securities giving right to the altocation, immediately or at a later date, of curities which may represent a portion of the share capital of the Company.

Powers for formalities.

In order to participate or to be represented in the meeting, the owners of registered bonds must be registered on a nominative account with the Company BI least five days prior to the date of

Owners of bearer bonds must, prior to the same date, justify the immobilization of their bondholding through their agent (bank, financial institution, stock broker). All proxies provided for the meeting of April 10th, 1995

remain valid for the present meeting.

The Gérant.

A "Société en Commandhe par Actions" with a share capital of FF 3.825.186.395. Registered office: "Immeubles Administratifs". Route Nationale 34. Chessy 77700 (Seine-et-Marne). (France). Mailing address: Investor Relations Department, BP 100, F 77777 Marne-la-Vallec Codex 4 (France). Registry of Commerce and Companies: Meaux B 334 173 887.

601 l'auditaire du crédit toncier de france

U.S. \$200,000,000
Subordinated Floating Rate Notes the October 2002
In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the six month period ending 18th October, 1995 has been fixed at 6.3125% per amoun: The interest accruing for such six month period will be U.S. \$32.09 per U.S. \$1,000 Bearer Note, and U.S. \$320.89 per U.S. \$10,000 Bearer Note on 18th October, 1995 against presentation of Conpon No. 6.
Union Bank of Switzerland U.S. \$200,000,000

Union Bank of Switzerland London Branch Agent Bank 12th April, 1995

Notice of Purchase US \$100,000,000 Crédit National Subordinated Collared Floating Rate Notes due 2005

Pursuant to the Terms and Conditions of the Notes, notice is hereby given to the holders that during the green to the nomers that during the twelve-month period coding April 18th, 1995, US 518,267,000 have been As of April 18th, 1995, the principal amount of such Notes remaining in amount of such Notes rema circulation is US \$2,782,000. Crédit National

BRADFORD &BINGLEY

£150.000.000 Floating Rate Notes Due 1997 in accordance with the terms and rate for the period 13th April, 1995 to 13th July, 1995 has been fixed et 6.71542% per annum. The interest peyable on 13th July, 1995 against Coupon 19 will be £167.43 per £10,000

Agent Bank RDYAL BANK OF CANADA

YORKSHIRE **BUILDING SOCIETY** Issue of up to £150,000,000 Floating Rate Notes Due 1997

of which £100,000,000 was issued on 19th July 1990 on the initial Tranche) High July 1990 on the initial Tranche)
In accordance with the terms and
conditions of the Notes, notice is
hereby given that for the three
month interest period from (and
including) 13th April 1995 to
(but excluding) 13th July 1995 to
Notes will carry a rate of interest of
6,75625 per cent. per annum. The
relevant interest payment date will
be 13th July 1995. The coupon
smouth per £50,000,00 Note will be
£802.22 payable against surrender
of Coupon No. 20.

Hompton Beank Limited Hambros Bank Limited

Q HYDRO-QUEBEC U.S. \$500,000,000 Flooring Rate Notes, Series I N, Duc 1999 naily gasterateed 24 to payment of doctors and interest by

PROVINCE DE QUEBEC NOTICE IS HEREBY GIVEN that for the historist Period 18th April, 1995 to 17th July, 1995, the interest rate will be 6.29% per annum. 6.2% per annum.
The interest payable on 17th July, 1995 against Coupon No. 5 will be U.S. \$15.65 per U.S. 51,000 Note, U.S. \$15.65 per U.S. \$10,000 Note and U.S. \$1,563.00 per U.S. \$100,000 Note.

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For practical advice - positive action - perform based fees. We will let your office property fast Contact: Richard Weller SURPLUS OFFICES? LONDON MILTON REYNES EDINEURGH



Italian Lira 500 Billion **Floating Rate Notes** due July 1997 Notice to the Holders

Notice is hereby given that the Notes will carry an Interest Rate of 10.46875% per annum for the period 18.04.1995 to 18.07.1995.

FIL 132,313 per ITL 5,000,000 nominal ITL 1,323,134

per ITL 50,000,000 nominal Luxembourg, April 18, 1995

PERUSAHAAN PERSEROAN (PERSERO) PT BANK NEGARA INDONESIA, HONG-KONG BRANCH

US\$151,500,000 Floating Rate Notes due 1997 rest Rate: 7.4375% interest Period: from 18th April 1995

to 18th October, 1995 interest payable per U\$\$500,000 Notes = US\$ 18,903,65. by Full Bank (Luxembourne) S.A.

A mood of optimism is gaining ground in Brazil. A new currency has led to a sharp fall in inflation and a new President is proposing changes to modernise the economy. Hopes are justifiably high that the long years of slow growth end political upsets are over. The survey will report on the country's economy, political scene, financial markets and

For more information on editorial content and details of advertising opportunities available in this survey, please contact:

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FT Surveys

Paris, April 18th, 1995

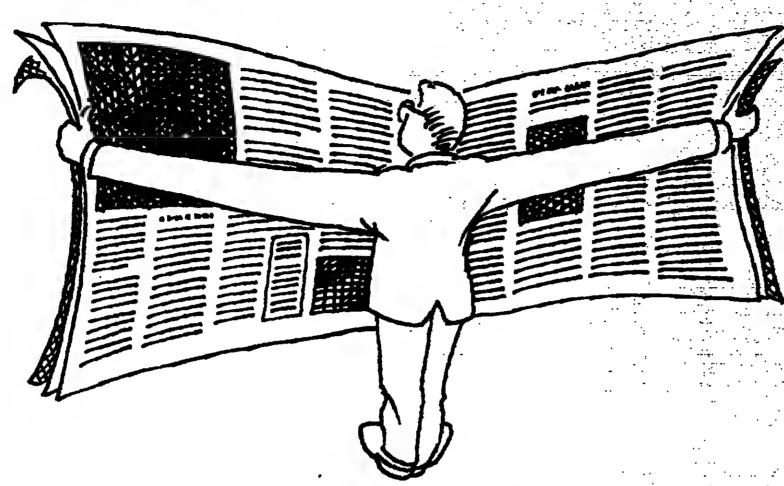
Bank of Montreal

Equities and Bond GDRs and ADRs Tel: 0171 702 3377

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LAURIE Pag: 0171 499 6279

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Financial Times Information Services, Bureau De Vente Paris, 168 Rue De Rivilo, 75001 Paris, France. (1) 42 97 06 10.

Name		
Job Title		No. of employees under 50 50 to 100 over 1
Company		I already use online Yes No
Nature of business		
Address		TTDDAEHE
Postcode	Telephone	BUSINESS INFORMATION
Country		PART OF THE FINANCIAL TIMES GROUP

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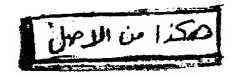
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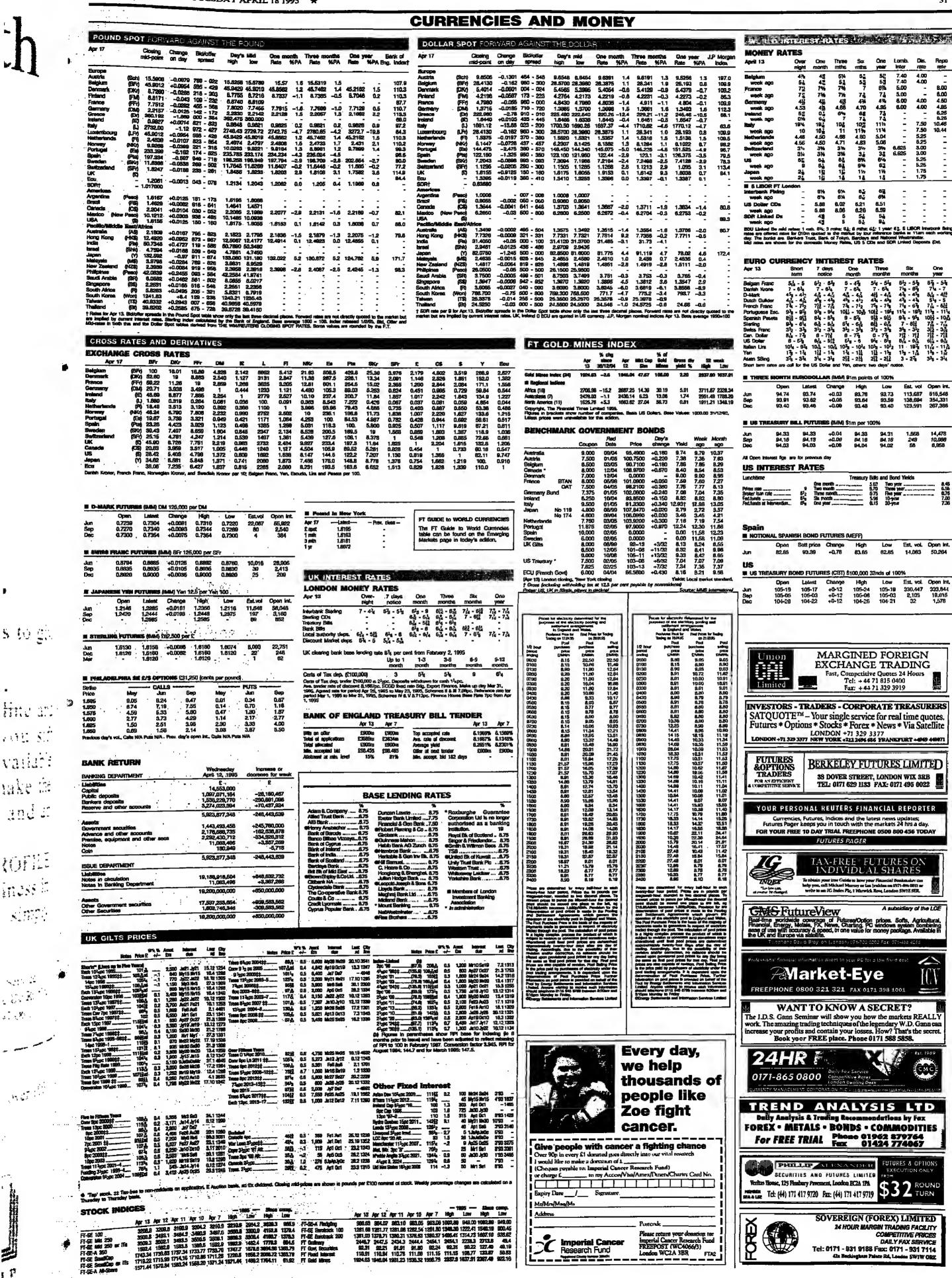
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8.00 8.00 4.50 4.85 6.25 6.25 10.46 10.44

14,478 10,986 6,958

333,844 18,615





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Below 1.08
Decide 1.48
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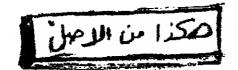
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WORLD STOCK MARKETS

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US stocks in belated reaction to Fed data

Wall Street

A belated reaction to another sign of gentle economic slowing and strong corporate earnings reports sent US shares off into record territory again yesterday morning, writes Lisa Bransten in New York. At noon the Dow Jones

Industrial Average was 22.83 higher at 4,231.01, passing its earlier peak of 4,208.18 set on Thursday. The more broadly based Standard & Poor's 500 also broke into record territory, climbing 1:09 to 510.32. and the Nasdaq composite set a new high, rising 3.11 to 835.74. The American SE composite was up 1.72 at 473.68. Trading volume on the New York SE came to 163m shares. On Friday the Federal Reserve published figures showing that industrial production was off 0.3 per cent in March, and much of yesterday's activity was attributed to a belated reaction to that data.

The Nasdaq composite received a boost when Microsoft, the largest company in that index, jumped \$5% to \$77%. Late on Thursday the software company reported third-quarter earnings of 63 cents a share, against analysts' estimates of 59 cents a share. Compuware lost ground after

issuing a warning late on Thursday that fourth-quarter earnings would be nearer to 55 to 60 cents a share, against analysts' estimates of 71 cents a share. By mid-morning the stock was down about 13 per cent or \$3% at \$24%.

Chase Manhattan Bank added \$14 at \$43% on heightened speculation that Nations-Bank could buy the New York hank. Chase also reported earnings of \$1.29 per share. 19 cents higher than the consensus estimate.

TRW forged ahead \$3% to \$71% after announcing firstquarter earnings of \$1.72 a share, against analysts' forecasts of \$1.32 per share.

Canada

Toronto stocks were higher at midday, supported by a firmer gold price. The TSE 300 composite index was up 8.0 at 4,309.20 in volume of 22m shares valued at C\$382m. Advancing shares ontpaced

declines by 291 to 202, with 278 issues unchanged. Bank stocks were active, with the sub-index rising 1 per

cent to 3,315.42 after a fall in the yields on T-bills. Toronto-Dominion Bank led the actives, rising C\$% to C\$21%.

Royal Bank of Canada put on C\$1/4 at C\$301/4 and Bank of Nova Scotia C\$% at C\$28%. John Labatt lost C\$1/2 at C\$22%, following last week's news that Onex was considering a takeover hid.

Latin America

MEXICO was off slightly hy midsession, the IPC index losing 0.7 per cent at 1,843.02.

Equities fell by more than 6 per cent last week in low volume ahead of the Easter break. Analysts said that investors had taken profits after a rally in the market over the previ-

ous five weeks.
BUENOS AIRES made slight gains in early trade, helped by weekend measures adopted by the government to bolster the banking sector. The Merval index was ahead

index was 9.27 bigher at 13,423.33. Turnover was light at 14.73m pesos. On Friday the government

2.34 at 367.69 while the general

announced that a new private deposit guarantee fund would

EUROPE

Tabacalera rises 3.8%

With the major bourses remaining closed for the Easter holiday, activity at those that

were open was extremely thin. MADRID ended with a mild gain in a session characterised by the lowest daily turnover of

the year so far at Pta7.8bn. The Ibex index firmed 24.09 to 3.035.33 and the general index put on 1.91 at 278.40 in volume of 3.9m shares.

Tabacalera featured, the shares jumping Pta150 or 3.8 per cent to Pta4,100 as the group confirmed that a subsidiary had acquired stakes in a number of Latin. American black tobacco producers from Standard Commercial, of the US. The cost of the acquisitions was put at \$25m.

Repsol shed Pta30 to Pta3,705

as profits were taken after the completion of the share place-

ISTANBUL attained yet another all-time high, rising 2.8 per cent. The composite index closed 1,375.72 np at 49,578.97. So far this month the market has risen by 24.5 per cent, after a gain of 36.8 per cent in March

and 15.4 per cent in February. Turnover eased to TL1,734bn, from TLL,787bn on Friday. Brokers said that the market was now aiming to break through the 50,000 level, and had hit an intra-session high

Traders added that demand for equities had been further raised by the results of a ninemonth T-bill auction in which

of 50,114 before profits were

the treasury had cut the average annual rate to 86.09 per cent, down 12.4 percentage

> TEL AVIV lost some of Sunday's 2.8 per cent advance as investors sold stock following disappointment that the central bank had not lowered interest rates. The Mishtanim index, up 4.60 to 168.51 on Sunday, retreated 2.19 or 1.3 per cent to 166.32. Turnover amounted to Shk45m, against Shk47m on Sunday.

A fall of 0.1 percentage point in the consumer price index for March, the first decline in three years, had raised bopes that interest rates would be reduced.

Written and edited by John Pitt.

ASIA PACIFIC

Volume drops as Nikkei recovers 1.6%

Tokyo

Volume collapsed in a techni-cally influenced market, although share prices regained some ground on arbitrage linked huying, writes Emiko

Terazono in Tokyo. The Nikkel 225 average, which lost 2.4 per cent on Fri-day, recovered 1.6 per cent, closing 256.28 higher at 16,304.15 in spite of the dollar's fall to the Y82 level.

The index moved between 15,892.91 and 16,304.55 as turnover fell from 314m shares to 180m due to the rebound in the yen, and the absence of overseas investors dne to the. Easter holidays.

A decline in the futures market in early trading prompted arbitrage unwinding, sending the Nikkei index helow the 16,000 mark for the first time since April 7. However, buying

up the market during the after-

The Topix index of all first section stocks gained 14.58 or 1.1 per cent at 1,302.93 and the Nikkel 300 rose 3.52 or 1.5 per cent to 241.51. Advances outscored declines by 585 to 430, with 130 issues unchanged.

issues with relatively high dividend yields following last week's 0.75 percentage point cut in the official discount Electric power companies

with dividend yields of around 2 per cent gained ground. Tokyo Electric Power put on Y20 at Y2,720 and Kansai Electric Power Y40 at Y2,300. higher in spite of the yen's rise, with Hitachi appreciating

kers to advance. Nomura Secu-

receded 11.85 to 17,909.37.

Traders noted purchasing of transferring its attention to the

dividend last Saturday. All High technology stocks were three banks incurred heavy falls. Hua Nan leading with a Y18 to Y863 and NEC Y12 drop of T\$8.50 or 6.5 per cent to ahead at Y910.

Arbitrage buying helped bro-

In Osaka, the OSE average

Roundup Sydney, Wellington and Hong

Kong were closed for the Easter holiday, which reduced interest in several of the markets which remained open. TAIPEI, however, carried on in last week's bearish vein

financial sector, which fell 5 per cent as the weighted index dipped 135.68 or 2.2 per cent to 6,112.07 in turnover of T\$42bn. Financials were pulled down hy heavy losses from the big three banks, Hua Nan, Chang Hwa and First, which went ex-

Brokers said financials were hurt further by worries that a scheduled board meeting hy

might tighten monetary policy to combat inflation.

KARACHI fell 1.55 per cent following a 1.3 per cent drop on Sunday, lacking positive news or institutionel and foreign support to balance selling by individual investors. The KSE 100 index lost 25.43 at 1,612.80.

SINGAPORE saw fund managers mostly sidelined as global currency volatility continued to curb interest in equities, and on the local front selling in speculative Malayslan stocks traded over the counter depressed sentiment.

The Straits Times Industrial index shed 17.69 to 2,053.73 in volume of 63.33m shares as the UOB OTC index, tracking Malaysian stocks, slipped 12.39 or 1.15 per cent to 1.067.00. in KÜALA LUMPUR itself,

forced selling by clients following speculative buying early last week, and subsequent falls

the central bank on Thursday ite index down 3.34 at 962.63. MANILA balanced profit-tak ing with a search for new equity situations. The composite index eased 8.83 to 2,487.95 but the property developer Megaworld rose 8.25 per cent to

> SEOUL climbed for the third consecutive session, the composite index adding 7.48 at 918.89. News reports, denied by the government, that South Korea would raise its ceilings on foreign share ownership in the third quarter prompted buying in blue chips. The government said the ceiling would be lifted to 15 per cent hy the end of 1995 from 12 per cent et present, hut not necessarily in the third quarter.

BANGKOK ended slightly firmer after the Bank of Japan's discount rate cut last week, but brokers said trade remained very thin on continuing dollar worries. The SET

New Zealand equities in a confident mood

Terry Hall takes soundings after the International Paper move on Carter Holt Harvey

uelled hy international Paper's bid for a controlling 51 per cent stake in the forestry group Carter Holt Harvey, the New Zealand equity market rose 2.2 per cent last Thursday, its biggest oneday gain so far this year.

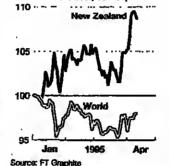
It is now 11.4 per cent up from the five-year low of 1,878

Helped by improving economic data, and increasing overseas interest, equities shook off their lethargy in mid-March, having been drifting aimlessly for months.

The stock market had been dull in spite of a string of strong 1994 profit results which were accompanied by optimistic forecasts of huoyant corporate earnings. Investors had also ignored a 2 per cent fall in long bond rates, from 10 per cent to under 8 per cent, since September. The recent revival in equities

has been due partly to the strength of Wall Street. US interest in New Zealand has been high because of economic reforms which have taken place in the past decade, and US investors now control an

New Zealand FT-A World Indices (rebased)



estimated 48 per cent of the local market, including 74 per cent of Telecom, the country's biggest company.

But there has also been an increasing interest from Asian and UK investors, following New Zealand's success in coping with inflation through the Reserve Bank Act, as well as other economic reforms which are leading to strong growth, budget surpluses, and planned tax cuts.

Interest has also been helped

FINANCIAL TIMES Conferences

by the latest data which suggests that New Zealand will achieve a "soft economic landing". This is being credited to the decisive action by the Reserve Bank late last year which was designed to cut economic growth from 6.5 per cent by encouraging higher interest and exchange rates, and GDP is now expected to fall to about 3.5 per cent this year.

Evidence of the "soft landing" comes from latest statistics which have revealed a decline in private consumption, and slower economic growth. Inflation also appears to be easing, although the Reserve Bank remains wary at the prospects of underlying inflation moving above 2 per cent over the next six months.

The bank's March economic forecasts report that inflation will decline to 1 per cent next year, assuming that monetary conditions remain firm, and that the currency continues to appreciate at 2 per cent a year.

Mr Peter Keenan, chief economist at CS First Boston, says all indications suggest that strong growth will continue, and that the economic cycle

inhibit - or allowed to encourage - economic growth over the next decade.

What are the opportunities, in the re-creation of Europe's infrastructure?

AMONGST THE TOPICS TO BE DISCUSSED:-

What do privatised railway companies need to succeed?

• Is it possible to control the growth of road traffic?

will be a long one. "Corporate earnings will improve strongly in this environment." he says He adds that New Zealand's rising fiscal surpluses, coupled with the Reserve Bank's tight monetary stance, has heightened prospects that both inflation and the balance of payments will he held st

r Keenan goes on to say that both growth and investment levels remain high, suggesting that businesses are expanding and household incomes rising In spite of a strengthening trade weighted index, manufacturing exports remain buoyant, although there is concern at a 10 per cent rise in the Australian currency over the past month. Australia takes the bulk of New Zealand's manu-

manageable levels, and that

the economy is escaping the

risk of recession.

factured exports. New Zealand commodity prices have risen strongly this year the ANZ Bank commodity index climbed by 12.7 per cent in the three months to February, offsetting a 9.9 per

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What new factors do the infrastructure creators - and their backers - have to take into account?

land dollar. Prices of major exports, dairy, wool, woodpulp and kiwi fruit, all rose in the period, offsetting falls in beef and sheepmeat.

There are some negatives however. The weight of US money in the stock market has caused some anxiety as to what might happen if Wall Street goes into reverse.

In addition there are political worries: the next elections, 18 months away, will be held under the German proportional voting system which is likely to lead to coalition govern-

For the moment, though, the positives easily outweigh any negetives. Most analysts and major investors forecast that the equity market will rise by a further 10 to 25 per cent this year, belped by forecast profits

Further corporate activity such as the first come, first served, bid hy international Paper for Carter Holt Harvey, is expected to increase liquidity in the market, as are forthcoming changes in corporate

The Financial Times plans to publish a Survey on

Switzerland

on Wednesday, May 31.

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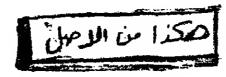
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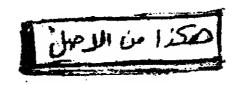
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Financial



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TUESDAY

Brittan in China



China's bid to join the World Trade Organisation will be among the main points on the genda of Sir Leon Brittan (left), chief trade negotiator for the European Union, when he visits Beijing

today, at the start of a week-long trip. Sir Leon is also expected to talk about bilateral relations with the EU.

After Beijing Sir Leon moves to Sichuan and Hunan provinces where he will visit industrial projects that have received assistance from the EU. He is also expected to raise the issue of human rights abuses.

Hong Kong on the agenda

Douglas Hurd, UK foreign secretary, will meet his Chinese counterpart, Qian Qichen, in New York during the nuclear noo-proliferation treaty conference, to discuss Hong Kong in the run-up to an official meeting in Londoo later this year.

The treaty review, sponsored by the United Nations, gets into full swing today. The conference, which continues until May 12, will discuss whether the 25-year-old treaty should be permaneotly extended. And it appears to be a good opportunity for leaders to meet and discuss other important issues.

Vietnamese chief in Japan Vietnamese Communist party leader Do Muoi is in Japan oo a five-day visit for talks with Tomiichi Murayama, the prime

Auto talks conclusion

minister.

US-Japan talks over vehicle trade are expected to conclude. A successful outcome could boost the faltering US dollar and opeo the door for the Japanese car industry to buy more American-made parts. But failure to reach a deal may lead to sanctions against luxury Japanese cars.

Cantona kicks off



Eric Cantona, Manchester United and French international player, is due to start his 120-hour community service order for attacking a football spectator during a match earlier this year. The suspended player will coach 700 children from Salford, Greater Manchester, in a specially devised programme.

Hungarian chief in the US

Laszlo Flovacs, Hungarian foreign minister, visits the US. In his capacity as chairman-in-office of the Organisation for FULLY BOOKED

Non-aligned nations meet the big five nuclear powers in New York this week to discuss the nuclear non-profiferation treaty

Security and Co-operation in Europe, he is due to meet Boutros Boutros Ghali, United Nations secretary-general, in New York. He will also visit Washington to prepare for the arrival of Gyula Horn, Hungary's prime minister, in June.

FT Survey FT Exporter.

Holidays

WEDNESDAY

Zimbabwe (Independence Day).

Ford's vote of confidence

Ford is expected to use today's visit of Timothy Eggar, UK industry minister, to the company's plant in Dagenham, Essex, to announce that the site has been chosen to manufacture a new diesel engine codenamed "Puma" - which will be fitted in some saloons and commercial vehicles

made in Germany, Belgium and Poland. The investment, likely to approach £200m, will be seeo as a big vote of confidence in the UK plant, which has previously been criticised by Ford management for poor productivity.

Turkish questions

Turkish Prime Minister Tansu Çiller is expected to be questioned over Ankara's push on rebel Kurds in northern Iraq during her visit to Washington. She is due to meet President Clinton today.

Talks on investment treaty Representatives of governments and business meet in Paris to discuss plans for

a multilateral investment treaty.

Negotiations, under the aegis of the Organisation for Economic Co-operation and Development, could begin this year.

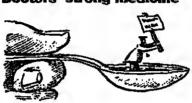
Holidays Venezuela.

19

THURSDAY

20

Doctors' strong medicine



Representatives of 35,000 family doctors in the UK will meet today to discuss whether or not to ballot their members on selective industrial action in protest at what they consider to be a growing burden of out-of-hours work.

Meetings during the past few months between the British Medical Association and the Conservative government have not resolved the issue. Doctors suggest that sanctions could be aimed at the Treasury and could include prescribing expensive brands of drugs, rather than cheaper generic ones.

Maastricht - the road ahead

Jacques Santer chairs a meeting of the full 20-member European Commission to discuss how effectively the Maastricht Treaty has worked. The discussion will provide indications of what options for change the Commission will propose in the run-up to the 1996 inter-governmental conference.

Statistics released this week

Cardoso to meet Ciinton

Brazil'a President Fernando Henrique Cardoso meets President Clinton in Washington. Expected topics of discussion are the effects of the peso collapse on hemispheric trade talks and intellectual property rights.

African states in summit

A mini-summit in Tunis, involving 12 African heads of state, including South African President Nelson Mandela, will discuss ways of solving disputes in various African countries, mainly the Rwanda, Burundi, Somalia and Liberia conflicts.

Plutonium activities

A special session of the parliamentary control commission responsible for overseeing the activities of Germany's intelligence services, meets today to discuss allegations of a recent cover-up involving the smuggling of plutonium into the country.

Corruption verdict

A court in Lyons, France, is expected to announce its verdict in the corruption case which started in February against Michel Noir, the mayor, Pierre Botton, his son-in-law, Michel Mouillot, mayor of Cannes, Patrick Poivre d'Arvor, a television presenter, and eight other

Curies in the Panthéon

Mar Treesury budge

Feb income, workers'

Mar consumer price indx final

Mar consumer price indx final*

Ditto, workers"

Mar retail sales

Feb overall pers consump expend" -

The ashes of Marie Curie, Nobel prize-winning French chemist, and her husband. Pierre, are transferred to the Panthéon in Paris, the symbolic resting place of the country's leading figures. She will be only the second woman to be placed in the secular shrine.

FT Survey

Business Air Travel 95.

loeland (first day of summer).

FRIDAY

2" -1 ,1 -Nuclear talks deadline

Deadline for US and North Korea to sign a contract on the supply of a light-water part of last year's muclear accord.

Rain on Vienna party

The so-called "party day" of the battered Austrian People's party (OeVP) is unlikely to be very festive. The conservative party, junior partner in the governing coalition since 1936, has steadily lost popularity under the colouriess leadership of Erhard Busek, even slipping behind Jörg Haider'a extreme right-wing Freedom party in recent polls. Most party members want Mr Busek out, but no one else seems to want to pick up the leaky chalice.

FT Survey Queen's Awards 95.

Holidays Brazil, Lebanon, Greece, Israel (last day of

Jewish Passover). SATURDAY

London to Mexico, by car One of the great motoring adventures of the decade, the 16,000km London-Mexico Rally, starts at 10am from Heathrow. Motor sport impresario Nick Brittan, who staged the 1993 London-Sydney Marathon, has devised a gruelling route threading through much of the Andes. The vehicles are headed for a finish in Acapulco - some

30 days later. The previous London-Mexico

Wonder horse steps forth

rally was held in 1970.



Celtic Swing, tipped as an exceptional champion racehorse, makes his debut as a three-year-old in the Greenham Stakes at Newbury racecourse, Berkshire, en route (barring injury) to the English 2,000

Guineas and English and Irish derbies. The horse was Europe's champion two-year-old last season, and is bristling with good health, says his trainer, Lady Herries. Two years ago she trained 24 horses. Because of the exploits of Celtic

Breakfast with Tiffanies

The most important private collection of Tiffany lamps to reach the market comes under the hammer at Sotheby's New York

Previous Actual

-\$38bn

-4.2%

-2.9%

1.9%

0.4%

1.7%

1.236

-\$405m

0.3%

Swing, her string this year numbers 73.

today. Estimates on the 62 lamps, mbled by Houston businessman John W. Mecom Jr, range from \$3,000 to \$900,000, for a unique lamp produced around 1900. All told, the collection should realise more than \$8m.

SUNDAY

French election

France votes in the first round of the presidential election in the race to succeed François Mitterrand, who is stepping down after two seven-year terms. Of the nine official candidates, Jacques Chirac, the Gaullist mayor of Paris, was leading in the last opinion poll. Lionel Jospin of the Socialist party and Edouard Balladur, the Gaullist prime minister, are competing to run against him in the second round of voting on May 7.

Italian poli pointer

Italy holds local elections in the 15 mainland regions. The poll is being seen as a trial run for general elections and may well determine their timing, depending on how the main parties and their alliances perform.

Voting in Japan

Voting for 117 mayors and municipal embly members in the second round of Japan's local elections. There may be surprises, just as there were in the first round on April 9, when a former actor and an ex-comedian were chosen as governors of Tokyo and Osaka respectively.

Polish PM in talks

22



Jozef Oleksy (left), Poland's new prime minister makes an official visit to Hungary at the invitation of his counterpart there, Gyula Horn. With both countries keen to

Union and Nato, European integration will be high on the agenda.

Camp horrors remembered

Official ceremonies to mark the 50th anniversary of the liberation of the Ravensbrück and Sachsenhausen concentration camps take place in the eastern German state of Brandenburg, Ignaz Bubis, head of the Jewish community in Germany, will attend

The Nazis opened Sachsenhausen as a concentration camp in 1933, soon after Hitler came to power: More than 20,000 Jews had been sent to the camp by November 1938. Jewish women and gypsies had been sent to the slave labour camp at Ravenshrück, north of

Christian celebrations for Easter Sunday in some countries. Turkey (National Sovereignty Day).

Compiled by Shelley Wood. Fax: (+44) (0)171 873 3194

Other economic news

Today: With financial markets this week expected to be dominated hy coocerns over the yen dollar rate, analysts will be watching figures from Tokyo that may shed light on the state of the Japanese economy and influence events on the currency exchanges. Today's mooey supply data will provide clues on the level of domestic demand, and the degree to which imports of goods, especially from the US. may be influenced in coming months by the strong yen. Wednesday: The US trade

figures could have an impact on the dollar and will be widely watched. Thursday: The regular meeting of the Bundesbank council in Frankfurt is thought

unlikely to lead to any changes

figures for the UK's public sector borrowing requirement should provide further clues as to how much the hesitant recovery is improving the government's finances.
Friday: The latest income and consumption figures from Japan will give some idea of

Feb industrial pro-Mon Japan April 17 Japan Feb shipments: Mar housing starts US Tues Mar building permi April 18 US Apr wh'sale price Japan Mar money supply Japan Mar broad liquidity Japan Feb manufacturin Canada Canada Feb manufacturin Switz'd Mar producer prid Wed US Feb trade, goods Feb bal payment, g April 18 US US Ditto, Imports Feb industrial pro Italy Canada Feb merchandise exports* 6.2% in interest rates. The March Feb merchandise imports*‡ 5.4% Canada 0,5% Cenada Mar lead Indicator t 8% Sweden Feb retail sales" Sweden Mar unemployment rate 7.4% 7.8% Ther US Apr Philadelphia Fed inch 3.3 April 20 UK Mar public spending borrowing req £8.5ba 25.1bn Canada Feb department store sales 9.4% how much the Kobe earth-N'lands Feb Industrial production 2.7% 3.4% SKr2.6bn Sweden Feb current s/o sity to spend. UK retailers will

	Forecast	Actual	Released	Country
duction†	-	1,9%	Fri	US
	•	2.7%	April 21	Japan
\$	1.35m	1.32m		Јарал
nits		1.29m		Japan
indx, 1st 10 day	s-			France
y, M2+CD**		3.6%		France
y	-	4%		UK
g new orders	-	1.5%	•	UK
g shipments*	-	3%		Italy
e indx~	0.8%	0.8%		Spein
& services	-\$10.2bn	-\$12.2bn		Canad
goods/serv export	\$61.6bn	\$60.7bn	Sat	Italy
	\$72.5bn	\$72.9bn	April 22	Italy
duction*	7.5%	12.3%		
		200/	Darling of	

•	UK	Mar retail sales"	2.2%	2.5%
	Italy	Apr cities consumer price indx	5.2%	4.9%
	Spein	4th qtr wage rises**	4.1%	4.4%
	Censda	Mar consumer price indx, all items*	- .	0.5%
Sat	Italy	Feb producer price trutx**	-	5.6%
April 22	Italy ,	Feb wholesale price indx**		6%
Durling t	he week			
	Japan	Mar Tokyo dept store sales**	-	-3.1%
	Germany	Mar M3 from 4th qtr 94 base	-3%	-3.8%
	Germany	Mar M3 from 4th qtr 93 base	3.5%	3.7%
	Genneny	Mer priv sect lending, 6-m ann'ised	7.4%	7.7%
	Germany .	Mar producer price indx*	0.2%	0.2%
	Germany	Mar producer price indx**	1.9%	1.8%
	Germeny	Mar wholesale price indx*	0.1%	0.7%
	Germany	Feb retail sales, real	-1.7%	. 0.0%

PTa194bn Mar govt budget belence "month on month, "year on year, †seasonally adjusted. Statistics, courtesy MMS International.

be hoping for good figures for shop speeding in March.

quake cut into people's propen-

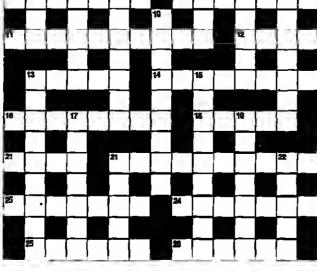
- ACROSS
 1 Apparently well behaved dur-ing last month? Time will show (6)
 4 Provincial force accepts it's
- over in the country (6) 8 Bad tempered agent carrying too much in France (7) 9 Sign of turning prosaic having lost a round replacement
- judge's case (10)
 12 Sigh when going round the

11 Priority parking: no charge in

- city (4)
 13 Show a lack of care (5)
 14 Machinist points to one in green overall (8)
 16 Phrate edition provided a fore-
- 18 On course for getting one
- over the colone (5)
 20 Cross dressing-down initially
 at college pranks (4)
 21 Suitable chorus for "Hair"
- (64) the cross (5)
 23 Could be a major force if 22 Drunk nothing on idle fling 24 Quakers reclaim divine mani-
- 25 Said to bring a smile to Leicestershire, for example
- 26 Late cover (6)

1 Prevent dead tree being

- moved (5)
 2 Tender couple express willing ness (7)
 2 Protect the reproductive system (9)
 Relative solving new clue (5) s Land can contain rare mate
- 7 In any case the Queen follows smart, sharp practice (9) 10 Get in the path of river in Tenerife disaster (9)
- 13 Sleepy Channel Island had wood work coming up on Sat-urday only, at first (9) 15 Lilian accepted another bribe? 17 Music from Mr Rice is in fash-
- ion (7) 19 The police go round collecting illegal tapes (7) 21 It's not so much the bishop starting to make the sign of



MONDAY PRIZE CROSSWORD No.8,738 Set by ADAMANT

A prize of a Pellkan New Classic 390 fountain pen for the first correct solution opened and five runner-up prizes of £35 Pellkan vouchers will be awarded. Solutions by Thursday April 27, marked Monday Crossword 8,738 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday May 1. Please allow 21 days for delivery of prizes.

Leslie S. Davles, Solihull J. Hanna, Ballyclare Michael A. Scott, South Carolina Wendy Dore, Harrow Bob Brown, Acton Ian D. Thompson, Clitheroe

Winners 8,727

Solution 8,727



The Financial Times plans to publish a Survey on

Scotland

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 More than half of Europe's top Chief Executives read the FT

newspaper

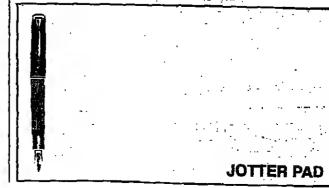
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